

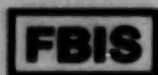
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China Report

ECONOMIC AFFAIRS

No. 291



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8 December 1982

CHINA REPORT ECONOMIC AFFAIRS

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NATIONAL POLICY AND ISSUES

DUAN JUNYI REPORT TO BEIJING 5TH CPC CONGRESS

HK221101 Beijing BEIJING RIBAO in Chinese 11 Nov 82 p 1-4

[Report by Duan Junyi at Beijing Municipal Fifth Party Congress, 6 Nov 82: "Resolutely Implement the 12th Party Congress Spirit, 'reate a New Situation in All Fields of Socialist Modernization in the Capital"]

[Text] Comrades:

With the mandate of the CPC committee of Beijing Municipality, I now deliver this report to the 5th Municipal Party Congress.

Our congress has been convened shortly after the successful closing of the 12th CPC Congress and at a time when party members and the masses throughout the municipality are conscientiously studying the 12th CPC Congress documents. The 12th Congress is the most important meeting since the 7th CPC Congress. It solemnly declares that since the smashing of the Jiang Qing counterrevolutionary clique and since the 3d Plenary Session of the 11th CPC Central Committee, in particular, we have accomplished, through the arduous efforts of the whole party, the whole army and the people of all our nationalities, the difficult task of setting the party's guiding ideology to rights and have won major successes in setting right our practical work on all fronts, thereby effecting a great and historic change. The congress has worked out correct programs for creating a new situation in all fields of socialist modernization and pointed out our way forward. The congress has also adopted the new party constitution--the best party constitution since the founding of our party and a powerful weapon for strengthening the party's ideological and organizational building. The congress has elected new leading organs of the CPC Central Committee, promoted the cooperation between new and elderly cadres and the succession of the old by the new in leading party circles and turned our party into a vigorous combat headquarters. The success of the 12th CPC Congress has elated party members and masses of the whole municipality. They enthusiastically support various resolutions adopted by the congress.

Our congress should take Comrade Deng Xiaoping's opening address at the 12th CPC Congress as its guiding thought and Comrade Hu Yaobang's report as its basic criteria in reviewing the work of Beijing Municipality, inspecting the results of implementing the four instructions issued by the secretariate of the CPC Central Committee on the building of the capital, defining guiding

principles and tasks for Beijing Municipality for the new historical period and mobilizing party members and masses throughout the municipality to strive to create a new situation in all fields of socialist modernization of the capital.

Reviewing the Work of Beijing Municipality

The 10 years of internal disorder inflicted serious wounds on our party and state. Beijing Municipality bore the brunt and suffered a lot. The Jiang Qing and Lin Biao counterrevolutionary clique and its principal members such as Kang Sheng, Xie Fuzhi and so forth totally negated the leadership of the Beijing Municipal CPC Committee headed by Comrade Peng Zhen and Comrade Liu Ren before the "great cultural revolution" and negated the achievements scored on various fronts. They brutally persecuted leading cadres at all levels, well-known personages in and outside the party, model workers, activists and a great number of people.

Many of them were injured, fell ill, became crippled or died because of the persecution. Organizations at all levels and work of various fields in Beijing Municipality were severely sabotaged. This was an unheard-of calamity for the broad masses of party members and people. In March 1971, the 4th Party Congress of Beijing Municipal CPC Committee, which was in the grip of Xie Fuzhi, was convened. The congress not only fully affirmed the erroneous theories and practice of the "great cultural revolution," but also portrayed its criminal acts as achievements and contributions. Reports and resolutions adopted by that congress ran counter to the will of most party members because they were ideologically, politically and organizationally wrong.

Shortly after the start of the 10 years of turmoil, the main responsible person in charge of the work of Beijing Municipal CPC Committee cooked up charges to label a number of cadres in Beijing Municipality as "members of a sinister gang" and "followers of the sinister line." This brought severe consequences to the municipality. During the 10 years of internal disorder the main responsible person in charge of the work of Beijing Municipal CPC Committee, who succeeded Xie Fuzhi, committed a series of serious mistakes. After the smashing of the "gang of four," he made the mistakes of covering up the truth and suppressing the masses in order to preserve himself. This severely obstructed the work of bringing order out of chaos in Beijing Municipality.

In accordance with the spirit of the 3d Plenary Session of the 11th CPC Congress, we conscientiously carried out the work of bringing order out of Chaos. Following the convention of the 6th Plenary session, we again studied "resolution on certain questions in the history of our party since the founding of the PRC." Thereafter, the historical rights and wrongs in Beijing Municipality have been basically clarified. Historical facts have proved that before the "great cultural revolution," Beijing Municipal CPC Committee was firm in implementing the line, guiding principles and policies of the CPC Central Committee. Most of the party members and cadres of Beijing Municipality were good and the achievements on various fronts could not be negated.

Since the 3d Plenary Session of the 11th CPC Congress, the CPC Central Committee has adopted important steps and measures to strengthen its leadership over the

work of Beijing Municipality. In April 1980, the secretariate of the CPC Central Committee has adopted important steps and measures to strengthen its leadership over the work of Beijing Municipality. In April 1980, the secretariat of the CPC Central Committee issued four instructions concerning the guiding principles of the construction of the capital in light of the actual conditions of the municipality and pointed the orientation for the work of Beijing. Thanks to the profound concern and correct leadership of the central authorities, we have succeeded in overcoming various obstacles occurring in the process of historical change and correcting shortcomings and mistakes in our work. By relying on party organizations at all levels throughout the municipality and guiding all party members to unite with the broad masses of people, we have continuously overcome difficulties left over from the 10 years of internal disorder. We have exerted our main efforts to grasp the following work:

1. We Have Straightened Out Ideological Line and Done Our Utmost To Eliminate the "Leftist" Influence and Remove Obstruction From the Right

The Third Plenary Session redefined an ideological line which was characterized by proceeding from reality, integrating theory with practice, seeking truth from facts, testing the truth in practice and developing the truth. It was a serious struggle to implement this Marxist ideological line. At that time, with regard to this major issue of principle, not all members of the standing committee of Beijing Municipal CPC Committee held the same view. As a result, they were unable to exercise effective leadership. Thanks to the concern and help of the central authorities, most comrades of the standing committee of the municipal CPC committee and the broad masses of cadres exerted their great efforts to carry out or intensify the discussions on taking social practice as the sole criterion for testing the truth. Party members and the masses criticized the mistakes of the theory of the "two whatevers" to smash the fetters of dogmatism and personality cult which had existed for a long time. Leading cadres at all levels conscientiously summed up experience and lessons in the light of the actual conditions of the capital to eradicate the influence of the "leftist" mistakes over their guiding thought. Furthermore, in view of the fact that people were prone to hold lopsided views during the period of historical change and that erroneous ideological trends which negated the party leadership and socialist road had occurred in society, we took expeditious measures to carry out education on upholding the four basic principles and criticize bourgeois liberalization. Through continuously eliminating the "leftist" influence in the ideological sphere and removing obstacles from the right, we ensured the implementation of the line, guiding principles and policies adopted by the Third Plenary Session. This played a very important role in maintaining political unity between the party organizations of Beijing Municipality and the CPC Central Committee.

2. We Have Resolutely Redressed False Charges, Wrong Sentences and Frame-ups to Conscientiously Implement Party Policy

Following the convention of the Third Plenary Session we devoted great efforts to investigate and redress a large number of false charges, wrong sentences and frame-ups cooked up by Lin Biao, Jiang Qing, Kang Sheng and others, including

the "Peng Zhen and Liu Ren counterrevolutionary and revisionist clique" and so forth, repudiate all slanders and libels inflicted on them and rehabilitate cadres at all levels, well-known personages inside and outside the party, model workers, activists and members of the masses who were persecuted. We did a lot to redress the mishandled cases of those comrades who were involved in the "Tiananmen incident" which occurred in April 1976. Through the activities of exposing, criticizing, investigating and trying the "two cases," we found out how some people and events in Beijing had been connected with the activities of the Jiang Qing and Lin Biao counterrevolutionary clique to usurp the party and seize the state power. At the same time, we also redressed the cases of those who were wrongly labelled "rightist elements" in the anti-rightist struggle and cadres and masses who were wrongly repudiated during the "struggle against the right deviation" and the "four clean-ups" movement. We implemented the policy for the KMT officials who surrendered and were later wrongly treated during the political movements and rehabilitated family members of Taiwan, Hong Kong and Macao compatriots, returned overseas Chinese and their relatives and members of Chinese families with foreign nationalities. We re-examined political cases formerly handled by organs of dictatorship during the "great cultural revolution" and corrected the mistakes of handling these cases. We announced that the former industrialists and businessmen had been reformed into laborers. In the meantime, we differentiated small businessmen, pedlars and handicraftsmen from bourgeois industrialists and businessmen. We changed the class status of former landlords and rich peasant elements who had been reformed into laborers and could earn their living.

The party policies toward intellectuals, nationalities, religion, overseas Chinese affairs and so forth have or are being implemented. The party's united front work organs, municipal, prefectural and county CPPCC and the organizations of democratic parties have been restored and developed. The party has strengthened cooperation and maintained close relations with various democratic parties and nonparty personages. Various democratic parties and a great number of nonparty personages have made active contributions to developing the economy, education, sciences, culture, public health, sports and so forth in the capital.

3. We Have Reorganized and Strengthened Leading Bodies At All Levels and Consolidated Party Building

Following the Third Plenary Session, we preliminarily accomplished the task of consolidating leading bodies at all levels in the process of exposing, repudiating and investigating counterrevolutionary cases. We picked out those who followed Lin Biao, Jiang Qing and the like to rebel in order to ride to power, people who are strongly influenced by factionalism and those elements who made a practice of beating, smashing and lotting. We assigned new work for those cadres who were not suitable for their former posts and transferred veteran comrades who were persecuted during the "great cultural revolution" to other leading posts. At the same time, we selected and promoted more than 280 middle-aged and young cadres to leading posts at municipal, prefectural, county and bureau level. We also selected and promoted more than 3,300 middle-aged and young cadres to leading posts at company and commune level. Through consolidation and reorganization carried out in recent years, the leadership of organizations at all levels in Beijing has been, as a whole, in the hands of cadres who are loyal to the party and the people. However, in a small number of leading bodies, the work of picking out the "people of the three categories"

has not yet been thoroughly carried out and more efforts are needed in this respect. The problems should be settled one after another.

After the promulgation of the "guiding principle for inner-party political life" worked out by the CPC Central Committee, we conscientiously studied and implemented it in the light of our actual conditions and continuously carried out education on several occasions throughout the municipality to investigate the unhealthy trends of using public money for extravagant eating and drinking, establishing "special relationships" and so forth and the problem of how leading cadres educate their children. Last winter and this spring, while various leading bodies were doing their year-end summing-up work and various party branches were conducting democratic elections, we carried out the work of criticism and self-criticism. Recently we provided party members throughout the municipality with education to oppose the corrosion of capitalist ideology and uphold communist ideology. Through the above-mentioned work, our party style has improved.

4. Strive to Improve Public Security and Strengthen Building of Socialist Democracy and Legal System

Around the time of the Third Plenary Session of the CPC Central Committee, the work of judicial organizations at all levels was presumed and strengthened. Following the four point proposal put forward by the secretariat of the CPC Central Committee for building the capital, we tightly grasped the work of straightening out public security. While criticizing the erroneous ideological trend of negating the four basic principles, we banned illegal organizations and publications. After the forum on public order in five major cities convened by the Central Committee in 1981, and under the unified leadership of CPC committees at all levels, we have mobilized social forces in all sectors, implemented the policy of integrating specialized organs with the broad masses of people, brought public order under control in a comprehensive way, heavily and rapidly struck at a number of active criminals endangering public order in accordance with the law, educated, saved and helped a number of misguided youngsters to mend their ways by persuasion, strengthened the work of mediation among the people, handled numerous contradictions among the people and prevented and reduced the intensification of contradictions. Since the middle of last year, the crime rate has dropped slightly, the detection rate has been raised to some extent and public order has been gradually improving. This year, we have waged another struggle against major criminal activities in the economic and other fields. Actually, this struggle is developing.

We have also done a great deal of work in connection with building socialist democracy and the legal system. The city and its districts and counties have established people's congress standing committees. Districts and counties have instituted direct election of people's representatives. Various enterprises have instituted the system of staff and workers congresses under the CPC committee and some enterprises have democratically elected managers. The concept of observing the law has been strengthened among the cadres and masses through education in law. The laws promulgated by the NPC and its standing committee as well as the local regulations established by the local authorities have been extensively implemented. The establishment of the socialist democracy and legal system has changed the chaotic situation of no law and the undermining of law caused by the 10-year turmoil, and consolidated the people's democratic dictatorship.

5. Build Socialist Spiritual Civilization, Restore and Develop Education, Science and Culture

Since last year, cadres, staff members and workers have discussed how to "serve the people and be responsible to them" and all the citizens have undertaken the activities of "five stresses and four beautifuls" and "civility and courtesy month." Achievements have been scored in making the city clean, bringing order out of disorder, improving public service, beautifying and purifying the environment and planting trees in and around the city. The promulgation and implementation of regulations for students and workers, service conventions, rural pacts and professional morality and the activity of "five good family" have brought initial results. Numerous good people and good deeds of following the example of Lei Feng, creating a new mood, solidarity and friendship, finding it a pleasure to help others, and daring to combat unhealthy trends and evil practices and criminal activity have emerged. An encouraging change has taken place in the mental attitude of the people and social mood in the capital.

Education, science, culture, public health and sport which had suffered serious damages during the "cultural revolution" have been resumed and developed. Schools at all levels have worked hard to implement party policy on education, initially straightened things out, strengthened political and ideological work and improved education. At present, a great number of branch schools affiliated to the universities has been established, the reform of educational structure at secondary level has been initiated, vocational education has been resumed, correspondence courses by television and radio and various forms of sparetime education for workers and peasants have been developed and the exam system for self-study has been implemented in experimental way. In science and technology, Beijing has carried out the activity of jointly tackling major technical problems, exchanging scientific and technical experiences, popularizing scientific knowledge, technical consultation and spreading the fruits of research. It has started to implement the scientific research contract system and transfer of scientific research results with payment, and resented awards for some major fruits of research and inventions. Academic research and discussion have become more and more lively. Literature and art are advancing along the way to socialism and initially thriving and prospering. New achievements have been made in the press, radio broadcasting, television, publications, public health, sport and family planning.

6. Implement the Eight-Character Policy of National Economic Readjustment, Make All Economic Undertakings Steadily Advance Along the Track Suitable to the Capital Characteristic

The implementation of the policy of readjustment, restructuring, reorganization and upgrading in the national economy is a fundamental change in the guiding ideology for national economic construction. After correcting "leftist" influence and unifying ideological understanding, Beijing's economic work is gradually developing and moving along a healthy track.

After initial readjustments in the industrial field, the light textile industries, and daily consumer goods industries have greatly developed. Having

readjusted the service orientation of heavy industry, production has risen again from its decline. A number of enterprises that had been polluting the environment and endangering the people have been straightened out, switched to other production purposes or removed. Various responsibility systems have been established or improved at different levels in the key enterprises where the readjustment is in progress, by stressing economic returns. Technical reform is being carried out in the enterprises with the emphasis on improving product quality, increasing variety, economizing energy and controlling pollution. At the same time, pilot projects in expanding enterprise decision-making powers have been launched and economic enterprise decision-making powers have been launched and economic cooperation and union between industry and commerce, industry and trade, and with other parts of the country have been instituted.

The implementation of the eight-character policy for economic readjustment has revived Beijing Municipal industry. The 1982 total industrial output value is estimated to be 22.6 billion yuan, an increase of 18.7 percent compared with 1978, before the Third Plenary Session of the CPC Central Committee, of which the light textile industry output value amounts to 39 percent.

Agriculture, which depends first on policy and secondly on science, has developed rapidly. The initiative of cadres and commune members in rural areas has been aroused through the implementation of various systems based on contract and output. In accordance with the principle of state plans and in line with local conditions, the distribution of agriculture and the production line-up have been regulated, diversified production has rapidly developed, and a new situation in forestry and husbandry production has arisen. The rural economy has become more and more active by running agriculture-industry-commerce joint enterprises, encouraging farming and sideline production specialization, developing household sideline production and raising commodity rates of farming and sideline products. Agricultural productivity has been dramatically raised by extensively applying advanced scientific technology. During the 3 years of drought, grain output in suburbs held a good record by surpassing 3.5 billion jin annually. Thanks to the bumper autumn harvest this year, the year's grain output is estimated to surpass that of last year. The city is basically self-sufficient in vegetables, and their variety, quality and stable sales in particular, have dramatically improved in recent years. The amount of pork and eggs purchased by Beijing respectively accounted for 77 percent and 66 percent of market sales. For the past 4 years, milk output has increased by over 10 percent annually. Great achievements have been made in afforestation on barren hills and around rivers, lakes, roads, and houses. This year, nearly 30 million trees have been planted and the area for afforestation, seedlings and fruit trees covers 328,000 mu.

Commerce has endeavored to support industrial and agricultural production, to open various channels for commodity movement and to vigorously organize goods sources. In the past 4 years, the average sale of social commodities has increased by about 15 percent annually and it is expected to be 7.3 billion yuan this year. As the markets are brisk and purchasing and marketing are good, a new situation has emerged in which people are picking up and buying things in cash or deposit money ready to buy. In recent years, 1,500 collective-run enterprises and 6,000 private commercial, service trade, food and

drink and repairing service networks have been established, and 40 agricultural commercial markets have been established in the suburbs of the city, improving the living standards of the people and reviving the markets. Finance, funds, tax, market price, industrial and commercial managements and goods and material supply departments have made positive contributions to national economic readjustment and development.

Under the new situation of open-door policy, external economic cooperation and trade have developed rapidly. Due to the various forms of flexible trade and joint ventures with foreign capital, the proper use of foreign funds, the introduction of advanced technology and key equipment, the municipal industrial and agricultural technical reform have been promoted, scientific and technical levels have been improved and the tourist trade has been developed. The value of 1982 exports are expected to be \$630 million, an increase of 120 percent compared with 1978.

7. Strengthen Building of Basic Municipal Facilities, Build a Great Amount of Housing

In recent years, the municipal construction scale has been big. The city has completed a number of key projects including roads, communications, water supply, drainage, power transmission and transformation and telecommunications, and some of the debt owed in the city's basic facilities has thus been made up. In particular, priority is given to housing construction and the proportion of housing in overall construction has been raised to a great extent. Since the Third Plenary Session of the CPC Central Committee, the completed housing area covers 10.93 million square metres, of which 500 million square metres were completed by the units under Beijing City, an increase of 170 percent compared with those completed in 10 years of the "cultural revolution." This year, housing covering 4 million square metres is to be completed, of which 2 million square metres are built by the municipal units; of this, 80 percent is financed by enterprises and units. We have formed a development company and built housing and municipal and living facilities with necessary accessories in whole streets and areas by accumulating funds in order to find out new ways for municipal housing. In the past 4 years, we have scored marked achievements in making the city green by planting trees, 4.10 million trees have been planted in the suburbs, 50 street corners have been greened and the grass covers 2 million square metres. In compliance with the proposals put forward by all sectors, we have revised the "draft for overall construction in Beijing," which has provided the basis for further municipal development.

8. Living Standards of the Capital's People Have Improved Dramatically Due to the Great Importance Attached by the State and to Production Development

In 1981, the average yearly earnings for each urban resident were 514 yuan and the average yearly collective distribution for each commune member in rural areas was 225 yuan, an increase of 48 percent and 75 percent respectively compared with 1978, before the 3d Plenary Session. This year, it will further increase. In the third quarter of 1982, urban residents deposited 2.1 billion yuan in savings, an increase of 100 percent compared with the year before the 3d Plenary Session. Nearly 700,000 youths have been placed in jobs in the last

4 years. The number of dependants financed by each staff member or worker of the whole city has been reduced from 0.62 in 1978 to 0.44, in comparison with the early years after the liberation, when it was 2.8, a great change has taken place.

In short, since the Third Plenary Session of the CPC Central Committee, Beijing City has made great achievements in all fields. Now, we are sure that Beijing, like the rest of the country has fulfilled the difficult task of bringing order out of chaos in ideology and has also gained an important victory in bringing order out of disorder in practical work. We have brought our work in all fields onto the track of the four-point instruction concerning the capital's construction provided by the secretariat of the CPC Central Committee. This has laid a solid basis for creating a new situation in the capital's socialist modernization.

While affirming the achievements, we should make a sober estimate of the situation. Compared with the requirement of the Central Committee, with the advanced provinces, cities and autonomous regions, compared with the hope of the capital's residents, in particular, in comparison with the spirit of the 12th CPC National Congress, we still have a long way to go and there are considerable shortcomings to be overcome. Public order and social mood have not substantially improved. Urban construction, urban management, beauty and green environment and cleansing cannot meet the requirements of the capital's socialist modernization. Education, science, culture, public health and sport have progressed slowly. The task of economic readjustment and restructuring and technical reform is so hard, the economic system reform has only just begun and the low economic returns problem is still pending. In party leadership and in the building of the party, the party style has not fundamentally improved. There are many shortcomings in the municipal CPC committee leadership. Mainly, we have not done our best at our jobs such as in studying new situations, handling new problems, summing up fresh experiences and supporting new things that have emerged in the new historic period by applying Marxism-Leninism-Mao Zedong thought and party policy. In the face of hard tasks, we have not fully taken the whole situation into consideration, or made overall planning; in regard to division of labor between the city and districts, counties and bureaus, there has been too little concentration of power in some cases and too little in others; in practical work, decentralism and selfish departmentalism have not been completely overcome and the leadership is still weak and incompetent and lax in discipline; our work is not carried out in a profound way, there are too many meetings and documents, work efficiency is low, and basic levels are not properly assisted in solving their practical problems. We should earnestly sum up experiences in order to resolve problems existing in our work and strive to strengthen and improve the municipal CPC leadership. Inspired by the 12th CPC Party Congress spirit, we are sure to raise work in Beijing to a new level suited for the new situation, with joint efforts by all party members and urban inhabitants.

The Tasks of the Capital's Socialist Modernization

The 12th CPC National Congress has stipulated the general task for the party in the new historic period, and called for the whole party, army and people of all nationalities of the country to create a new situation in socialist modernization. What is the goal for Beijing to achieve in this new historic period? To

put it briefly, it is the four-point demand concerning the construction policy for Beijing, put forward by the secretariat of the CPC Central Committee that is to say, to convert Beijing into a city with excellent social order and public security, social mood and morality, to make it a first-class city, cleaner, more hygienic, more beautiful; to make it the center of advanced science, culture, technology and high level of education of the country, and one of the most developed cities in culture in the world with constant economic prosperity and convenience and stability of people's life. In accordance with the plan of the 12th Congress, 3 turns for the better should be made in the country in [the] coming 5 years and Beijing must take the lead. We should strive, on the one hand, to speed up the building of material civilization with a view to make our due contributions to a change for the better in the state's financial and economic situation and strive to speed up, on the other, the building of spiritual civilization, to further improve socialist democracy and the legal system, to rectify party style and organization and strive to make a fundamental change in social moods and party style ahead of schedule. By 1986, 10 years after smashing the Jiang Qing counterrevolutionary clique, Beijing will have scored marked improvements and created a new situation in political and ideological building; in beauty and environment building; in educational, scientific and cultural building, and in economic construction.

9. Take Communist Ideology as a Nucleus to Strengthen the Building of Socialist Spiritual Civilization

The CPC Central Committee has repeatedly stressed: While building a high level of material civilization, we should do our best to build a high level of spiritual civilization. These two kinds of civilization are interdependent and share the same objectives. The building of material civilization is an indispensable base for building socialist spiritual civilization. Socialist spiritual civilization not only plays an important role in promoting the building of material civilization, but also ensures the correct orientation for the development of material civilization. Beijing is a political center of the whole country and the center of our country's international contacts. Under the prerequisite of grasping the building of both material and spiritual civilizations, we should exert more efforts to the building of socialist spiritual civilization in a certain period of time in the future in light of the characteristics and present conditions of the capital. In the meantime, we should not relax our efforts for the building of material civilization.

The building of socialist spiritual civilization includes the building of culture and ideology, which are interrelated and promote each other.

Strengthening cultural building under the guidance of communist ideology means that we should develop education, science, culture, art, the press, publications, radio and TV broadcasts, public health, sports libraries, museums and other cultural undertakings. The 12th CPC Congress took education and science as one of the strategic focal points for economic development. This is a decision of profound significance. The key to the realization of socialist modernization lies in science and technology whereas education is a foundation. In the final analysis, this is a matter of training talented personnel. The capital is comparatively strong scientifically and technically. We have more colleges and

universities and a better foundation for general education. Under the guidance and support of the departments concerned of the central authorities, we should further develop educational and scientific undertakings of the capital and train and provide the state with more people with various professional skills.

Party organizations at all levels should fully understand the strategic importance and the immense role of education in socialist modernization. We should mobilize social forces in all quarters to develop educational undertakings. We should conscientiously implement the party policy for education, make great efforts to enhance the quality of education and uphold the principle of all-around development morally, intellectually and physically. While grasping the study of scientific and cultural knowledge, we should pay attention to exploitation of intellectual resources, promote moral and physical development and conscientiously pursue the policy of integrating education with labor and production. We should continue to implement the guiding principle of readjustment, restructuring, consolidation and improvement, rationally readjust the proportional relations between various kinds of education at various levels and reform the structures of education. Universities and colleges should reorganize their faculties and departments as well as specialities and provide courses of both short and long periods of schooling. They should also create conditions to gradually expand their training capabilities and recruit more students. They should provide more specialities in finance, political studies, law and teacher training. We should speed up the reform of the structures of secondary school education, cut the number of general senior middle schools and set up more vocational senior middle schools and technical schools. We should do our best so that in 5 years the number of junior middle school graduates who enter vocational senior middle schools will be the same as the number of junior middle school graduates who continue their study in general senior middle schools. We should make overall planning and concentrate our efforts to run a number of technical secondary schools. In the rural areas, we should gradually develop agricultural secondary schools or provide some agricultural courses in general secondary schools. Running secondary and primary schools well is a basis for enhancing the scientific and cultural level of the whole nation and training senior specialists and other people with professional skill. We should popularize junior middle school education in the outskirts and primary school education in outer suburbs in 5 years. Junior middle school education should also be popularized in outer suburbs in 10 years. In the meantime, we should adopt various forms to actively develop preschool education.

Spare time education is an important component part of our educational undertakings. Now, there are more than 3 million workers and staff members in Beijing. To enhance their political, cultural, technical and vocational level is a basic work for speeding up modernization. We should resolve to overcome difficulties to vigorously develop television and correspondence courses, sparetime universities and various kinds of spare time secondary vocational schools, provide more teach-yourself courses and encourage people to become experts through self-study. Various sparetime schools should make rational arrangements for political, cultural and vocational education in light of their practical conditions and the characteristics of their students and gradually form their educational systems for junior and senior spare time education. At present, we should particularly grasp the work of helping young

workers and staff members make up their missed lessons of culture and technology and providing peasants with cultural and technical education. We should extensively labor organizations and fixing the number of staff members and production quotas, all enterprises and institutions should send staff members and workers to various sparetime schools and various training classes by stages and in groups.

The modernization of the capital must rely on the progress of science and technology. We should comprehensively implement the spirit of Comrade Zhao Ziyang's report delivered at the scientific and technical award rally to create a new situation in the scientific and technical field of the capital. Scientific and technical workers should have a firm guiding thought of serving economic construction, concentrate their efforts to study and solve important questions arising in the construction of the capital, economic construction in particular. They should strive to achieve new results and effect a new breakthrough so that science and technology serve economic construction, city construction and cultural and educational undertakings more effectively.

Cultural and artistic undertakings should implement the guiding principle of serving the people and socialism and letting a hundred flowers blossom and a hundred schools of thought contend. Literary and art workers should study theories hard, plunge into the thick of life and enhance their political and artistic levels. They should create more outstanding literary and artistic works and give more performances which reflect the spirit of our times and are physically and mentally beneficial to the people. We should correctly handle the relations between popularization and raising of standards. We should utilize forces in various quarters to gradually establish and improve cultural organizations and facilities such as cultural halls, libraries, youth halls, children's activities centers, theatres, clubs and so forth and strengthen the construction of radio and television networks. In the meantime, we should vigorously carry out spare time cultural and artistic activities of the masses to constantly enrich people's cultural life.

Medical and public health establishments should continue to implement the guiding principles of serving the masses and placing emphasis on prevention first. They should profoundly carry out the patriotic public health campaign mainly aimed at eliminating diseases, actively develop medical science and technology, integrate traditional Chinese medical science with Western medical science, enhance medical quality and improve service. Practicing planned parenthood is our country's basic national policy. We should further do this work well, planned parenthood work in the suburbs in particular. We should strengthen education and propaganda and advocate the ideas that every husband and wife have one child only so that natural population growth rate in the capital will markedly drop. Physical culture institutions should continue to implement the principle of developing sports to strengthen people's constitutions to vigorously promote various kinds of sport activities of the masses, sport activities in secondary and primary schools in particular. On the basis of the popularization of sport activities, we should continue to grasp the work of establishing excellent sport teams to continuously achieve still better results.

We should overcome the leftist influence and narrow views of small producers, which neglect education, science and technology and discriminate against intellectuals. We should conscientiously implement the party policy toward intellectuals, the policy for middle-aged intellectuals in particular. We should trust and rely on intellectuals, show concern for and help them and rationally utilize them to bring their role into full play. We should adopt various measures to gradually allot more funds for education, science, culture, public health and physical culture and increase investment in instruction. All this should be included in the plans for the development of the national economy and society and in the plans for the city construction. Overall arrangements should be made in order to implement the plans by stages.

Ideological construction, with communist ideology as its nucleus, has determined the nature of the [word indistinct] at spiritual civilization. We should hold high the banner of communism to carry out the propaganda and education of communist ideology extensively, profoundly and permanently. Socialism is only a stage in the entire communist movement and a social practice guided by the communist ideological system. It is entirely wrong to say that propagating communist ideology in the socialist period oversteps the historical stage. Of course, protracted efforts of the people of several generations are needed in order to fully realize communism in our country as a social system. At the present stage, we can only implement various socialist systems and policies which include the principle of distribution according to work. We should correctly understand the relations between communist ideological education and the implementation of the present socialist policy and explain this matter to cadres and masses clearly to avoid one-sidedness in our understanding and work.

To carry out ideological construction with communist ideology as its nucleus, we should provide the broad masses of people, cadres and youth in particular, with more education on the basic theories of Marxism-Leninism and Mao Zedong thought. We should provide them with education on communist world outlook, outlook on life, the history of the motherland, modern history, the party programs and history, revolutionary traditions, the ideas of being the masters of our own affairs, collectivism, constitution, citizens' rights, duties and morals, patriotism and internationalism. While carrying out this education, we must have specific aims in mind and closely integrate it with the present ideological conditions to resist the corrosion of capitalist ideology and eliminate the influence of feudal ideology and other nonproletarian ideologies. In the meantime, we should closely combine this education with the practice of work and life of the masses. We should continue to profoundly and protractedly carry out the activities of "five stresses and four beautifuls" and learning from Lei Feng. We should also promote new general moods of the society, plant more trees, beautify and clean our environment. We should formulate "civility pledge to be observed by the citizens of the capital" and encourage factories, schools, shops, village and all trades and service to work out their rules and regulations and vocational and moral norms. Through such education and activities, we will continuously raise people's ideological consciousness. More and more people will become members of the society who have ideals, morals and culture and observe discipline and become builders of socialist spiritual civilization. On such a basis, we will be able to establish civilization. On such a basis, we will be able to establish and develop new kinds of socialist relations between people.

Carrying out communist ideological education is a long-term strategic task. Just as in cultural education, to provide youngsters and children with communist ideological education, we should start from kindergarten and gradually extend it to primary schools, secondary schools and universities. We should carry out the work in an orderly way and step by step. With regard to communist ideological education for staff members and workers, we should adopt the methods of training them by stages and in groups. We should integrate day-to-day education with regular training in rotation. As for communist ideological education for peasants, we should define the content and methods of education in light of the characteristics of peasants and the new situation occurring after the implementation of the contract system which links remuneration to output.

To carry out communist ideological education, we should bring the role of various mass organizations into full play. We should also give full play to the role of such departments as propaganda, theoretical studies, literature, art, education, press, television, broadcasting, publication and so forth. We should restore and improve the system of training propagandists and lectures and train a large number of propaganda workers who are good at providing the masses with ideological work. Only thus can we set up a contingent for ideological work which has combat effectiveness and can convince and attract the masses.

Building socialist spiritual civilization is the task of the entire party and the whole people. All trades and services, various departments and units should effectively shoulder the task and include it in the work plans in the light of actual conditions. They should put forward specific aims and requirements and know what problems they should solve this year and next. They must make progress every year and achieve practical results. They should establish responsibility systems in this respect and carry out regular examination and assessment. We should do our utmost so that in 3 to 5 years our social order and public security will be markedly improved and people will considerably enhance their ideological and moral levels and extensively improve their labor and work attitude and service. We should effectively curb and despise all unhealthy trends and evil practices and effect a fundamental turn for the better in the general mood of society in the capital.

2. Actively Develop the Economy in Light of the Characteristics of the Capital, Placing Our Main Emphasis on the Enhancement of Economic Returns

The 12th CPC Congress has pointed out that the strategic objective of China's economic construction for the two decades between 1981 and the end of this century is, while steadily working for more and better economic results, to quadruple the gross annual value of industrial and agricultural production. We should exert great efforts to develop an economy suitable for the characteristics of the capital, continuously enhance economic returns and strive for a faster speed of development to make an active contribution to attaining the objective of quadrupling the gross annual value of industrial and agricultural production of our country in a period of 20 years. We should create material conditions for speeding up the modernization of the capital, enhancing living standards of the people in both urban and rural areas and strengthening the building of socialist spiritual civilization. Our objectives of struggle are: During the first 10 years (1981-1990), the annual growth rate of the

gross annual value of industrial and agricultural production of the whole municipality is to be 4.5 percent and we should do our utmost to increase it to 5.5 percent. The gross value of 1990 will be 50 percent higher than that of 1980. We should also do our utmost so that the increase will be as high as 70 percent. In the counties and prefectures of the suburbs, the annual growth rate of the gross value of agriculture, industry and sideline production will be 7 percent and we should do our utmost to increase it to 9 percent. The gross value of 1990 will be 100 percent higher than that of 1980. We should do our utmost so that the increase will be as high as 150 percent. Before 1990, our main technical and economic index of industry, commerce, communication and building construction should be among the best in the country. This will lay a solid foundation for the greater economic progress of Beijing in the second 10 years.

We have many favorable factors for attaining the above mentioned objectives of struggle. 1) Material production departments in Beijing such as industry, agriculture, and building construction have a better foundation and their extensive potential can be tapped; 2) there are a great number of scientific research and design institutes as well as universities and colleges in the capital and Beijing is powerful scientifically and technologically; 3) there are bright prospects for developing commerce, foreign trade and tourism in the capital. Apart from that, it is more convenient to utilize foreign capital and introduce advanced technology to Beijing; 4) since the Third Plenary Session, we have accumulated some successful experiences in enlivening the economy and a number of typical advanced units such as the capital iron and steel corporation, Shahe Commune and so forth have come to the fore. Although there are still some unfavorable factors such as insufficient cultivated land and construction sites in addition to the strain on energy resources, water resources, funds, raw materials and so forth, as long as we have a good mental attitude and are able to fully utilize various favorable conditions, tap the potential, give play to our advantages and avoid the weak points and overcome difficulties, we can rapidly and effectively develop our economy in line with the characteristics of the capital.

To attain this objective of struggle, we must take into overall consideration favorable and unfavorable conditions, go a step further in the proper readjustment of the economy and realistically define the direction of development for the industry, agriculture, commerce and other undertakings of Beijing Municipality. In the industrial field, we must lay stress on developing foodstuffs, textiles, light industries, electronics, optics, printing, electrical appliances for civilian use, instruments and meters, new-type construction materials, traditional arts and crafts and other undertakings which call for a low consumption of energy, which allow the economical use of water, and the occupation of little land or little space in transportation, which cause no harm to the people with regard to pollution, and which provide many job opportunities. Metallurgy, machine-building, petrochemical and other heavy industries must make full use of existing bases, energetically carry out technical transformation, actively control pollution, lower the consumption of energy and water, promote processing on a more advanced basis and comprehensive utilization, better serve the development of light and textile industries, agriculture and urban construction. In agriculture, we must continuously carry out the guide-

line of "serving the capital, making the peasants rich and building new socialist villages." Given a guaranteed continuous increase in total grain output, we must enlarge the scope for development and energetically promote a diversified economy. We must especially develop crop cultivation and stockbreeding. We must enable the capital to be basically self-sufficient in vegetables, milk, eggs, pork, fruit from the north and other main items of non-staple foodstuffs. We must energetically develop the processing of agricultural and subsidiary products and other industries guided by state plans and encourage commune members to develop household side occupations. We must pay attention to the buildup of mountainous areas and accelerate the development of the economy of mountainous areas. We must energetically forest deserted mountains and beaches, build networks of trees on the plains and plant trees everywhere. We must strengthen the conservation of water and soil and restore, protect and create a proper ecological balance. Commerce must energetically support the development of industry and agriculture, actively create and increase the outlets for the circulation of commodities. Further develop the catering, repair and various other service trades, add to the number of newly built urban areas, towns and cities of suburban areas and rural commercial networks, set up more wholesale stations, and enlarge storage and processing capacities. Meanwhile, it must energetically strengthen economic ties among provinces and municipalities and energetically develop the domestic and international markets. In the light of the features of the capital and the demands of the new situation, other economic departments must have a clear idea of the direction for development, pay close attention to readjustment and strive to improve economic returns.

To achieve the objective of struggle in developing the economy of the capital, we must first follow the proper policy. All lines and trades must further emancipate their thinking, continue to overcome the influence of "leftist" thinking, introduce various versions of the economic responsibility system that combine responsibility, authority and profit, and give full play to the enthusiasm of the masses of cadres and people and the activism of various enterprises and groups. An important reason why the Capital Iron and Steel Corporation and the Shide Commune have for several years achieved marked results in developing production and improving economic returns is that they have introduced a set of economic responsibility systems capable of closely combining the interests of the state, the enterprise (group) and the individual. The industrial enterprises in our municipality have conducted experiments in "replacing profits with taxes and holding themselves responsible for profits and losses." A large number of enterprises have adopted the method of retaining a given percentage of profit and have achieved relatively satisfactory results. Many communes and brigades on the suburbs that have really carried out the responsibility system of linking remuneration with output on a contract basis have achieved relatively satisfactory results. Recently, with the approval of the State Council, the Capital Iron and Steel Corporation experimented with the method of contracting for profits. This means that a given enterprise guarantees an annual increase of 6 percent in profits turned over to the state every year and puts at its own disposal an amount in excess--doing so for a fixed period of several years. Thus, not only is a steady financial income guaranteed for the state but the enterprise can devote more liquid funds to technical transformation. We are prepared to further select several backbone

enterprises which have strong leading groups, which have a good foundation for management work and which have promising products for development. One by one, they are to study and formulate concrete programs. These programs will be experimentally introduced after approval from the State Council. General enterprises must perfect the method of retaining a given percentage of profit. Suburban communes and brigades must energetically introduce the experience of the Shahe Commune. In the light of the different conditions of various communes and brigades and the wishes of the masses of commune members and in line with the party's policy, they must resolutely carry out different versions of the responsibility system of linking remuneration with production on a contract basis--contracting with brigades, with teams, with households and with individual laborers. Meanwhile, on the basis of further introducing and continuously perfecting the responsibility system of linking remuneration with production on a contract basis, they must energetically develop specialized brigades, specialized groups, and specialized households, encourage and support economic integration among various kinds of specialized brigades, groups and households, raise the commodity rate of agricultural and subsidiary products, and guide agriculture on the road to specialization and socialization. In the light of their own features, communication, transportation, construction, commerce, foreign trade, tourist and other departments must through practice sum up a set of methods for introducing the economic responsibility system and better arouse the enthusiasm of enterprises, cadres and the masses. We must further organize economic integration and mutual support between industry, agriculture, commerce and foreign trade and also between areas. This is to enable the pattern of economic integration to be more flexible and varied and to develop quickly. Under the leadership of the CPC Central Committee and the State Council, we must energetically carry out reforms. With this link properly taken care of, the development of Beijing's economy will become brisker and livelier and marked by still better economic results.

To consolidate enterprises and raise their level of economic management is the most realistic and most effective measure to improve economic returns at the current stage. It is also a fundamental task and an important guarantee for the realization of the capital's goal of economic development. Some time ago, certain useful experiences were obtained in consolidating industrial enterprises. But other systems have not been very active. Even the industrial system does not develop in a balanced way. Some units have not shown obvious results in their consolidation. Some have even messed things up by going too far. The consolidation of enterprises must be carried out on the basis of strengthening political and ideological work and raising the consciousness of the masses of workers. We must show courage and the skill in solving those problems that are difficult to solve. The aim in consolidating enterprises is to improve operations and management and to improve economic returns. Of the points to be emphasized in consolidating enterprises: 1) Reorganize and reinforce the leading group; 2) strengthen labor organization and labor discipline; 3) establish and perfect various responsibility system that call for a clear distinction between power and responsibility and for being strict and impartial in meting out rewards and penalties. The Capital Iron and Steel Corporation set a good example in consolidating enterprises. Their fundamental experience also applies to all lines and trades on the economic front. We must seriously organize an effort to study and popularize it. After being consolidated, the main backbone enterprises throughout the municipality must reach the current management level of the Capital Iron and Steel Corporation by 1985.

To push Beijing's economic construction forward and realize the objective of our struggle, we must pay close attention to technical progress as an important factor. Leading cadres at all levels must foster a clearcut fundamental guiding idea of relying upon scientific and technical progress in reviving the economy. They must gradually put the capital's production and construction efforts on the basis of advanced technology. They must organize the forces of various scientific research units of the municipality and strengthen cooperation with scientific research institutes and bureaus of various central units and colleges and institutes of higher learning. They must tackle scientific and technical problems with an eye to the important subject of study--the matter of good economic results in the capital's economic construction. They must pay great attention to popularizing the results of scientific and technical research already achieved, seriously assimilate advanced techniques introduced from foreign countries, and quickly translate science and technology into realistic productive forces. Various economic departments must put technical progress in a particularly important position. Production units and scientific research units must take the initiative to link up with each other and act in close cooperation, and further step up the pace of technical transformation. In future industrial development, we shall not rely chiefly on large amounts of investment and on "extension." Instead, we shall rely on tapping the potential and on "intension," vigorously promoting technical transformation and striving toward high-grade, precision and advanced products as the goals of development. We must widely adopt new equipment, new techniques, new technological processes and new materials, continuously improve the quality of products, increase the variety of products suited for the market, step up the upgrading and renewal of products, lower the consumption of energy and raw materials, control pollution, and raise the rate of productivity. By 1990, all main industrial enterprises of the municipality must strive to widely adopt advanced production skills already universally applied in economically developed countries in the early 1980's which are suited to our country's needs. Thus, with limited land, energy and raw materials, Beijing's economy can produce more and better material wealth suited for the growing needs of the masses of people in their everyday life and strengthen the competitiveness of the municipality's products on domestic and international markets. There is no future for those enterprises that do not seek technical progress. They are bound to be eliminated.

To create a new situation in Beijing's economic construction, we must continue to seriously uphold the 10 guidelines for economic construction approved at the 4th session of the 5th NPC especially pay attention to properly solving the four major problems of principle put forth in the report of the 12th CPC National Congress. We must correctly handle the relations between the concentration of capital to strengthen national capital construction and the improvement of the people's living standards. While developing the capital's economy, we must continue striving to ceaselessly improve the workers' lives and to gradually make the peasants rich. But in improving the people's living standards, we must rely upon the development of production. The degree of improvement in the people's living standards can only be lower than the rate of increase in production and in labor productivity. We certainly must not allow the practice of freely handing out bonuses, or using up all the collective accumulation through distribution, or by splurging out on banquets. While guaranteeing the state economy's dominant role, we must energetically develop various economic forms, so that the collective economy can be consolidated and develop along the socialist road and the individual economy can properly develop with

the scope defined by the state and under the management of industrial and commercial enterprises. In the period of the "Sixth 5-year Plan" and the "Seventh 5-year Plan," a large number of young intellectuals will have to be given work. A major way to solve this problem is also to rely upon energetically developing the collective economy and properly developing the individual economy. We must correctly uphold the principle of taking planned economy as the main factor and regulation by market forces as the secondary one, insist on giving enterprises and communes and brigades proper decisionmaking powers in regard to production and circulation, and give better play to the regulating role of market forces. But in no way can we ignore state plans and economic contracts. We must flexibly adopt various patterns, rationally use foreign capital, introduce advanced technology and important equipment, accelerate the process of technical transformation, and increase the capacity for self-reliance.

To achieve marked results in the capital's economic construction, we must develop a high degree of the spirit of fighting amidst hardships and relying on our own resources. Meanwhile, we must firmly foster the idea of "coordinating all the activities of the state like pieces in a chess game" and the concept of the whole situation. We must eliminate the phenomenon of everyone going his own way, making things difficult [for] other people and disputing over trifles, which existed among various departments and various enterprises. All economic departments throughout the municipality must formulate the development plans for their own departments or relevant units as quickly as possible—doing so with an eye to the realization of the objective of struggle in the capital's economic development. These plans must be based on reality. We must avoid "applying the same fixed rule to every case." Our plans must cover readjustment, reform, reorganization, technical transformation, and so forth. Our targets must be reliable and measures must be concrete. They must also be made known to the masses of cadres and people, so that everyone's enthusiasm and creativity can be fully aroused and scientifically organized. Thus, the capital's economic undertakings can surely be marked by a new situation of vigorous development.

3. Realistically Strengthen Urban Construction and Management and Gradually Turn the Capital Into a Modern and Socialist New Type City

Urban construction and management is an undertaking of a comprehensive nature. It involves the building of not only material but also spiritual civilization. It also has its own laws. After more than 30 years of effort since the founding of the PRC, there has been much development in Beijing's urban construction. But due to too quick an increase in the urban population, there has for a long time been a serious imbalance in various kinds of construction, causing a series of contradictions and difficulties. The main problem is that much should have been done in regard to fundamental urban needs such as roads, transportation, water supplies, drainage, electricity, postal and telecommunications facilities, gas, heat, and so forth. These have fallen short of the needs for the large-scale building of housing. In building housing, various service facilities are not geared to the needs of factories, scientific research offices, colleges and institutes of higher learning, organs, and so forth that are built. Housing built for residential purposes greatly falls behind the

growth of the urban population. Housing is overconcentrated in the near suburbs of the city, causing an excessive density of population, a great strain on the supply of land for construction purposes, traffic jams, and serious environmental pollution. Given a strict control of the scale of urban development, we must gradually reverse this situation of passivity, thus allowing an improvement in the capital's living conditions, the harmonious development of various construction projects, a more rational urban layout and a marked improvement in urban features. To this end, we must put emphasis on solving the following several problems:

We must resolutely put the building of fundamental urban facilities ahead of various construction projects. In the next 10 years, the state is prepared to arrange a number of priority construction projects for Beijing in this respect. They mainly involve electric power, postal and telecommunications facilities, water and gas supplies, drainage, pollution control, urban transportation, and so forth. We must pay close and proper attention to the relevant preparatory work at its early stage. We must strive to shorten the cycle of construction, so that the relevant projects can be completed and put into production as quickly as possible and produce results. Meanwhile, we must energetically enlarge the scale of unified urban construction and its percentage. We must strive to bring municipal public facilities and service facilities in line with the building of main construction projects.

We must readjust the proportionate relations between various kinds of construction projects for housing and improve the method of housing distributing. In the next few years, through our efforts, the residential housing completed every year must account for around 70 percent of the total area occupied by housing. Meanwhile, we must strive for a high speed of construction, good quality and low construction costs. Funds for the building of residential housing in a given area still come chiefly from the various units themselves. By every possible means, municipal funds must be obtained only to help those units which do not have their own money. We must pay proper attention to the rational distribution of residential housing, seriously carry out the party's relevant policies and gradually solve the housing problem of urban residents. Through mass democratic assessment, we must without exception, insure the priority allotment of housing for those families which have no housing, or which have serious housing problems. Meanwhile, we must continue to seriously do well the work of carrying out the policy on private housing.

We must make rational arrangements for the layout of the city. This is a problem of great and far-reaching significance. Based on the general plan for urban construction, we must properly work out detailed plans for zoning, readjust the layout and implement the guideline calling for "the gradual transformation of old urban areas, the rearrangement and linkup of suburbs near the city and the energetic development of remote suburbs." We must gradually reverse the situation in which construction projects are overconcentrated in suburbs near the city. In transforming old urban areas, we must give prominence to the particular features of the capital as the political center of the whole nation and make priority arrangements for important projects highlighting such features. Valuable cultural relics and ancient trees must be protected. The forested areas must be increased. Narrow main streets must be widened.

Backward public facilities must be gradually improved. Dangerous dilapidated buildings must be systematically rebuilt. Large-sized storehouses and depots that occupy too much land must be gradually removed. In building Beijing, we must not only carry on our country's fine traditional style but also draw on useful experience from foreign countries. We must continuously create the new and seek a varied and colorful pattern. There is little land left in the suburbs near the city for construction. Arrangements can only be made for residential housing, facilities to be linked up for the convenience of people in their everyday life and municipal public facilities. Those spaces planted with vegetables and trees that must be forever preserved according to plans can never be nibbled up or occupied. In suburbs far away from the main city, we must energetically build satellite towns and cities. In the near future, construction will focus on Huafbcun, Changping, Tongzhen and the chemical industrial district of Yanshan. We will chiefly assign to satellite towns and cities units transferred away from the major city and a small number of newly built units which must [be] placed in Beijing, as approved by the state council. For these areas, the municipal public facilities and service facilities must go one step ahead of other construction projects. We must formulate a set of policies encouraging and inducing the residents in the urban and suburban areas to find employment and settle down in satellite towns and cities.

We must realistically improve and strengthen urban management work. Urban construction and urban management are two aspects of the effort to modernize the city. Neither of them can be neglected. For a long time, we have not paid serious enough attention to proper urban management. The laws and regulations for urban management are not sufficiently perfect. The practice of freely occupying land, freely building housing, freely piling up goods everywhere and freely filling up ditches is quite common. Many problems exist with regard to the removal and disposal of garbage, prevention and control of environmental pollution, the maintenance of trees and lawns, the repair of dilapidated housing, prohibition of illegal construction, the improvement of traffic, the construction and management of fire-prevention facilities, the control of seriously waterlogged areas, and so on. We must establish and strengthen urban management organs at all levels, seriously sum up experiences, pay close attention to formulating and perfecting various rules and regulations for urban management and seriously implement them. We must strive to train specialized personnel in urban management and properly increase the fund allocation for the maintenance and management of the city. Meanwhile, we must fully arouse and rely upon various units and the masses of people to establish various responsibility systems and to realistically solve various problems encountered in work. This is to put urban management work on the right track as quickly as possible. We must especially pay close attention to the appearance of the city and to forestation and environmental protection. We must strive to increase the forested urban area from 20 to 25 percent within 5 years. All units must strictly observe the state's relevant regulations and resolve to devote energy to controlling various kinds of pollution which they themselves cause. Those enterprises which cause serious pollution and with pollution problems which are difficult to solve must make a switchover in production, or stop production. For all new, expansion and renovation projects, we must resolutely implement regulations governing project construction and overall arrangements for environmental protection. No more new causes of pollution must be allowed.

4. Continuously Perfect Socialist Democracy and the Legal System and Ensure the Smooth Progress of the Capital's Socialist Modernization

To promote socialist democracy, perfect the socialist legal system and consolidate and strengthen the people's democratic dictatorship is a prerequisite and a political guarantee for the building of material and spiritual civilization.

The 12th CPC National Congress stressed that to create a high degree of socialist democracy is one of our fundamental goals and fundamental tasks. The socialist cause is the business of the whole people. Only by building a high degree of socialist democracy can we arouse to the full the initiative and pioneering spirit of the masses of people, energetically stimulate socialist modernization and effectively impose dictatorship upon a small number of hostile elements. We must strive to bring socialist democracy into political, economic, cultural and social life, develop democratic management in various enterprises and units serving the people and promote mass autonomy in basic social life.

Party committees at all levels must support the people's congresses of various municipalities, prefectures and counties and their standing committees in exercising the authority of local organs of power. Government at all levels must fully respect and safeguard the people's democratic rights, listen to the opinions and appeal of the masses of people and arouse and rely upon the masses of people to participate in the management of various enterprises. Government workers should consciously serve the people, be responsible to the people and act as the public servants of the people.

In the countryside, we must set up village government in line with the principle of separating government administration from commune management. This is a major reform in expanding socialist democracy and strengthening the building of political power. This reform must be carried out in a well led, planned and orderly manner. The work of urban neighborhood offices must be further strengthened. Urban residents' committees and rural villagers' committees are organizations for mass autonomy. At present, villagers' committees have not been set up in this municipality. We must energetically conduct experiments. Residents' committees must be seriously reorganized, consolidated and strengthened, so that better play can be given to their role. Enterprises and units must strengthen democratic management, establish and perfect the system of the workers' congress, gradually introduce the practice of democratically electing factory managers, and further arouse the enthusiasm of the masses of workers as masters of the house.

The development of socialist democracy must be closely combined with the effort to perfect the socialist legal system. We must seriously carry out a series of laws and decrees prescribed in the constitution and promulgated by the state. Meanwhile, we must formulate and perfect the regional laws and regulations of Beijing Municipality. In strengthening the legal system, the most important thing is that the party organizations at all levels and the party and government leadership cadres in particular, must raise their awareness of the importance of building a legal system. They must take the lead in studying the constitution and the law and play an exemplary role in observing the constitution and the law. They must act within the framework of the constitution and the law and really achieve the aim of everyone being equal before the law, observing such laws as exist, being strict in law enforcement and letting no lawbreaker go scotfree. Party and government organs at all levels, people's organizations, enterprises, units serving the people and also news, publishing, radio, television and other departments must strengthen propaganda and educational work related to the legal system.

To meet the needs of the building of a legal system, we must create a political science and law contingent that is loyal to the party, to the people and to the socialist cause. The leading groups of various political science and law organs must be seriously consolidated. Political, ideological, style, organizational and other problems that exist among political science and law contingents must be properly solved in a realistic way. We must energetically the building of public security, procuratorial, judicial and administrative departments, perfect the lawyers' system, reinforce the legal advisers' offices and public notary offices and gradually increase the number of people's courts in a planned manner. The work of local police stations, public security committees, mediators' offices, and other basic level organizations must be seriously reorganized, consolidated and strengthened. We must pay close attention to the building of regular schools of political science and law and train legal personnel on a large scale. Meanwhile, we must train cadres and policemen on a rotating basis in separate groups over different periods of time and improve their political and professional levels.

At the 12th CPC National Congress, it was pointed out that in our country, class struggle is no longer the main social contradiction. But class struggle will continue to exist for a long time to come within a given scope of our society. At present, in Beijing Municipality, a small number of hostile elements still purposely carry out activities in the economic, political and ideological fields and in social life to disrupt and overthrow the socialist system. We must stay sober-minded. We can never be lulled ideologically or let down our guard. We must resolutely deal blows to those hostile elements opposing socialism and various serious criminal elements. Meanwhile, we must carefully distinguish and handle the two different types of contradictions and pay attention to guarding against repeating the mistake of enlarging class struggle. The struggle now being carried out in a penetrating manner to crack down upon serious criminal activities in the economic area is an important manifestation of class struggle under new historical conditions, where we follow an open-door policy and seek to enliven the economy at home. We must fully realize the great significance of this struggle in upholding the socialist road and properly carrying out the modernization of the capita. We must further strengthen leadership, strictly act according to law, vigorously tackle major and important cases, and firmly and unswervingly carry this class struggle through to the end.

Take good care of social order in the capital, insure the security of the party Central Committee and safeguard the life and property of the people of the capital is an extremely important political task. Never for a moment can we relax our vigilance. In strengthening social order, we must introduce "comprehensive government" combining the specialized organs and the masses of people under the leadership of party committees at all levels and form various dragnets and bastions of iron in the struggle against various hostile elements and various criminal elements threatening social order. In properly taking care of "comprehensive government," the most important thing is that party committees at all levels must strengthen unified leadership, arouse and organize various departments and units to set up the security responsibility system and link this system with production and work responsibility systems. "Comprehensive government" focuses on strengthening education for youth and adolescents

and adopting the guideline of educating, influencing and saving those youths and adolescents in cases of minor offense. The basis of "comprehensive government" calls for strengthening the fundamental work of basic-level organizations, strengthening the initiative to be on guard, reconciling the contradictions among the people in time, preventing the intensification of contradictions and solving large numbers of security problems in their initial stages. Concerning those hostile elements who purposely disrupt our socialist system and criminal elements who seriously threaten social order, we must continue to carry out the guideline of meting out severe and prompt punishment and dealing resolute blows. Through realistic efforts, we must within the next 3 to 5 years strive to bring about a marked drop in criminal cases, an obvious rise in the number of cases solved, a great decrease in traffic accidents and fire outbreaks and other major incidents, and a fundamental turn for the better in the capital's social order.

Bring Into Full Play the Party's Role as a Leading Core in the Construction for Modernization in the Capital

The key to the creation of a new situation in the construction for socialist modernization in the capital is that we must, according to the demands raised by the new party constitution, strengthen party construction, uphold and improve the party's leadership and raise the fighting power of party organizations, the new party constitution approved by the 12th CPC Congress, in line with the characteristics and requirements of the new historical period, makes a Marxist stipulation on how to properly bring into full play the party's role in state affairs, makes higher demands on party members and cadres than in previous party constitutions and makes many new and concrete stipulations concerning the party's democratic centralism, party discipline, the improvement of the party's organizational system and the strengthening of the construction of grass roots organizations. The new party constitution is the precious crystallization of collective wisdom and the party's historical experience as well as a vital guarantee to making our party more powerful in the new historical period. We must conscientiously study the new party constitution and, according to the demands raised by the new party constitution, make great efforts to rectify the party's ideological style, restructure party organizations and build our party into a powerful core in leading the cause of socialist modernization of the capital.

1. Uphold the Party's Democratic Centralism, Strictly Execute Party Discipline and Guarantee the Unanimous Action of the Party

Democratic centralism is the party's basic organizational principle. Only by making full use of democracy, and practicing a high degree of centralism on the basis of a high degree of democracy, is it possible to bring into full play the enthusiasm of all party members and guarantee unanimity of ideology and action in the party and the swift and effective implementation of the party's decisions. As a result of bringing order out of chaos since the Third Plenary Session of the 11th CPC Central Committee, most party organizations in Beijing have carried out their work in accordance with democratic centralism and there has been a remarkable improvement in the political life within the party. However, nondemocratic phenomena and patriarchal behavior still exist in some

party organizations and incompetency, laxness and liberalism are prevalent in others. We must, in strict accordance with the stipulations in the new party constitution, further strengthen the collective leadership of party committees. All important issues must be fully discussed by party committees and decisions must be made by collectives. Party organizations at all levels must further develop democracy within the party, fully respect the democratic rights of party members and bring into play the role of party members to supervise party cadres. Meanwhile, we must strengthen the sense of organization and discipline. We must seriously check and find out the problems in carrying out the policies and instructions of the CPC Central Committee and earnestly resolve these problems, thus setting an example in practicing the party's democratic centralism.

Party discipline is the guarantee to implementing the party's line, guiding principles and policies. Since their establishment, discipline inspection departments at all party levels in Beijing have done plenty of work and brought into full play their role in correcting party style and executing party discipline. But, they have met with some problems in their work. Some party members at leading posts have attached less importance to the discipline inspection work of the party. Being afraid of offending others, they dare not wage a principled struggle against practices violating discipline. They fail to punish people and deeds that should be punished, or treat important issues as less important and less important issues as nothing at all. This state of affairs must be resolutely changed. Everybody is equal before party discipline and all party members must consciously and rigorously observe party discipline. Party organizations at all levels must resolutely maintain the serious nature of party discipline, support the work of the discipline inspection departments and resolutely struggle against practices violating party discipline.

2. Reform Organizations and Cadre Systems and Make Leading Organs More Revolutionary, Younger, More Knowledgeable and More Professional

There exists in Beijing's party and government organizations many defects such as redundant and repetitive organs, unclear duties, overstaffing, shirking responsibilities, difficult operations, lack of division between party and government organizations and the party being unable to administer itself. It is necessary to properly reform them step by step through leadership, according to the decisions of the party Central Committee. The organizational reform plan must be carried out in three steps. Reform must first be carried out in the municipal CPC committee and government organizations and all their subordinate departments, commissions and offices, then in all districts, counties and bureaus and finally in all enterprises and basic units, to be completed by next winter. While carrying out organizational reform, we must adhere to the requirements of "simplification, unity, thrift, efficiency and opposition to bureaucratism," readjust and strengthen the leading core at all levels, select a great number of excellent middle-aged and young cadres, reduce deputy posts and concurrent posts, streamline organs, reduce the staff, define post responsibilities and raise efficiency. It is necessary to properly divide the power limitation of municipal and district (county) organizations and further bring into play the role of the organizations at district (county) level. While carrying out organizational reform, we must, in accordance with the relevant stipulations in the new party constitution, properly resolve the problem of party leadership over the government, enterprises and institutions. Party leadership over the government, enterprises and institutions, party leadership means mainly leadership over ideology, politics, guiding principles

and policies. It also means the selection, assignment, examination and supervision of cadres. It is necessary to guarantee that government and enterprises carry out work initiatively, independently and with good coordination. The party should not run the whole show in government and enterprise administrative operations and production. Party committees must rid themselves of routine work and make great efforts to implement the party's line, guiding principles and policies. They must do a good job in party construction, strengthen the building of functional departments of party committees and cadre ranks. They must also study the ideological and political situation within and outside the party and earnestly carry out ideological and political work.

While carrying out organizational reform, some of the veteran comrades who have reached retirement and convalescent ages will, in accordance with the instructions of the Central Committee, retire or leave their posts for convalescence, except for those who remain at their leading posts to execute the decision of the organization due to work requirements. These veteran comrades worked hard and conscientiously in the previous revolution and construction and have made great contributions to the cause of the party and the people. Now they have, in consideration of the grand cause of the party and the people, recommended and supported those comrades who are in the prime of life to assume leading forefront posts. Their noble character and proletarian minds have set us a good example. It is necessary in future to gradually establish a system whereby cadres who have reached retirement age must withdraw from their post jobs [to] be replaced by middle-aged and young cadres who have both ability and political integrity. As for those veteran cadres who have retired or are on convalescent leave, party committees at all levels must take good care of them and fully guarantee the political treatment and living conditions to which they are entitled. At the same time, it is necessary, proceeding from every comrade's specific conditions and in accordance with their energy, profession and interest, to bring into play their role by using various forms.

It is an urgent task in the continuous development of socialist modernization as well as a prime issue in party construction to select excellent middle-aged and young cadres to leading organs at all levels and make the leading organs more revolutionary, younger, more knowledgeable and more professional. As a result of the party's protracted cultivation and education, there are many [word indistinct] people in various fields in Beijing. We must emancipate our ideology, broaden our vision, be skillful in finding out talented people and promptly select a great number of excellent middle-aged and young cadres to leading posts, thus toughening them in the process of cooperation between the old and the new and the replacement of the old by the new. In selecting middle-aged and young cadres, we must adhere to the criteria of selecting people who have both ability and political integrity and priority should be given to political integrity. It is all the more necessary to select those people who have pure party spirit, are honest and upright and dare to uphold principle. Under this premise, we must pay attention to selecting those cadres who have a relatively high cultural level and professional capability, possess the abilities to organize and lead the masses and who are able to create a new situation. Also, we must pay attention to selecting woman cadres. Party committees at all levels must strengthen their leadership over the selection of middle-aged and young cadres, adhere to the mass line and bring into full play the role of the

organizational departments. Principal leading comrades of party committees must assume responsibilities themselves and conduct inspections and talk to the actual candidates. Selection should be carried out boldly, swiftly and involve a large number of people. Party committees at all levels must prepare a list of reserve cadres. Political criteria must be strictly adhered to in selecting cadres. As for those who followed Lin Biao, Jiang Qing and their like and who attained posts by rebelling, those who indulged in factional ideas, those who committed beatings, smashing and looting in the cultural revolution, those who have opposed the line of the CPC Central Committee since the Third Plenary Session and those who have committed serious crimes and violated laws in economic and other fields, not a single one should be promoted. If some of them have already been promoted, they must be resolutely dismissed from their leading posts.

3. Extensively Train Cadres in Rotation and Cultivate a Cadre Contingent Adapted to the Construction of Modernization

Extensively training cadres in rotation and upgrading cadres' quality is a strategic measure to completely create a new situation in the construction of socialist modernization. At present, cadres who have completed university education or reached a level equivalent to university education account for 22 percent of the total number of cadres. Those who are familiar with or have mastered their own professional knowledge account for a smaller percentage. Many cadres have not systematically studied Marxist theory or received systematic professional training. Such a status is not adapted to the requirements of the construction of socialist modernization. We must vigorously strengthen the educational and training work of the cadres and upgrade all cadres' Marxist levels, professional knowledge, scientific and cultural levels and leading management abilities. Only by so doing, can they become qualified personnel who adhere to the socialist road and possess the necessary professional knowledge.

When training cadres, the principle of "learning what is being done and making up what is insufficient" should be adhered to. We should treat cadres differently and teach them political theory, guiding principles and policies, professional knowledge management science and cultural knowledge in accordance with their own specific conditions. In the coming 5 years or so, all incumbent cadres under 40 years old whose cultural level is lower than junior middle school graduates, must reach the level of a junior middle school graduate through extra classes; those who have reached the level of junior middle school graduate must reach the level of technical middle school student through professional training; and those who have reached the level of technical middle school student must strive to reach the level of university student. Party and government cadres who have not systematically studied philosophy, political economy, scientific socialism and the history of the CPC must do their utmost to finish studying them. They must also study professional basic knowledge. Cadres of business management must concentratedly study relevant professional knowledge and management science. Scientific and technical cadres must, in accordance with the stipulations of the State Council, take a refresher course and study new scientific and technical knowledge, thus updating their knowledge. The training of cadres must be connected with their appointment. When we select,

employ and promote cadres in the future, we must treat their academic qualifications and achievements as just as important a reference as their work experience and results. Party and cadre schools at all levels are the main places to train cadres. They must be run well to strengthen regular training. Universities and middle technical and professional schools must vigorously create conditions to take up the task of training cadres regularly. We must organize cadres to study knowledge by making full use of various forms such as broadcasting, television, correspondence courses and part-time universities. Not long ago, the CPC Central Committee and the State Council promulgated a "decision on educational work of cadres of party and government organizations at central level." We must, in accordance with the spirit of this decision and in connection with specific conditions in Beijing, study and formulate plans and concrete methods for training cadres. The municipal CPC committee and party organizations at all district, county and bureau levels must establish working groups for training cadres to strengthen leadership over the work.

4. Straighten Out the Party Step by Step in a Planned Way and Bring About a Thorough Change in Party Style

It is a prime issue in the present party construction to rectify party style, restructure party organizations and bring about a thorough change in party style. Of all the 40,000-odd grass roots party organizations and 650,000 party members in the city at present, the vast majority are good or comparatively good. This is the dominant trend of our party, which must be affirmed. However, we must realize that there do indeed exist within the party some problems of impure ideology, impure style and impure organizations. Some leading bodies of party organizations are weak, lax, impotent and disunited. A handful of them are paralysed or half paralysed. In some units, leading power is not held by politically reliable persons. Some party members have pursued an incorrect ideological line and gone against the party's line, guiding principle and policies since the Third Plenary Session of the 11th CPC Central Committee. They even doubt communism, and vacillate. Some party cadres are not at all conscientious in their work and practice serious bureaucratism. Some fail to unite all comrades but get close to one group and estrange others. Some party members tend seriously toward bourgeois individualism, striving for high positions, fame and better treatment. They do not accept the work assigned by the party but haggle and choose whichever is to their personal advantage. Some pursue a bourgeois life style and have degenerated. Some have taken advantage of their power to seek personal gains and even engage in smuggling, trafficking, bribery, corruption, and burglary, thus taking the criminal road. Yet another handful of persons adhere to the ideological system of Lin Biao and the "gang of four" even now, and are waiting for an opportunity to make trouble. All these people have seriously damaged the party's quality, its cause and its prestige over the broad masses. In order to further normalize political life within the party, earnestly rectify unhealthy practices, purify party organizations, strengthen the close links between the party and the masses and bring about a thorough change in party style, the CPC Central Committee has decided, beginning in the second half of next year, to spend 3 years straightening out party style and party organizations thoroughly and completely by stages and in groups. This is an important measure to strengthen party building. We believe that after the serious

straightening out, it is possible to bring into full play the role of grass roots party organizations as fighting positions and the role of party members as pioneers and models. From this winter on, we will select several units from the organizations of municipal CPC committees, industry, capital construction, finance and commerce, schools, rural areas, and urban areas to carry out a pilot scheme to straighten out the party. Leading cadres from the municipal CPC committee and party organizations of all districts, county and bureau levels must participate in the pilot scheme, thoroughly study the problems of pilot projects, promptly give guidance, render help and seriously sum up experiences. In order to make good ideological preparations for completely straightening out the party, it is necessary, from now to the first half of next year, to extensively train party members in rotation with the 12th CPC Congress report and the new party constitution as the main contents. Through the rotational training, each and every party member will see clearly the party's nature, position and function, truly understand that the work style of a ruling party is an issue concerning the life and death of the party, uphold communist purity, adhere to serving the people whole-heartedly and know how to be a qualified party member and cadre.

5. Maintain Close Ties Between the Party and the Masses and Strengthen the Party's Mass Work and United Front Work

The party's fine tradition of maintaining close ties with the masses was seriously damaged during the 10 years of internal disorder and must be restored and carried forward as soon as possible. All party members and cadres must make friends with workers, peasants and intellectuals as ordinary laborers. All cadres, except for the old, weak, sick and disabled, must spend a certain time taking part in manual labor every year. Party and government organizations at and above district, county and bureau level must adhere to the practice of cadres going to grass roots units in rotation and conducting investigations among the masses. Leading organizations at all levels must further strengthen the work of receiving visits and letters from the public and leading cadres must personally handle important letters and visits from the public. Party organizations in grass roots units must promote various effective methods of party members integrating with the masses, attentively listen to their advice and strengthen ideological and educational work among them. Attention should be given to admitting qualified advanced elements, especially those advanced workers standing in the forefront of production and middle-aged intellectuals of all trades, into the party.

Trade unions, the CYL and the women's association are the tie linking the party with the masses. CPC committees at all levels must attach more importance to the work of the mass organizations, strengthen leadership over them, help them resolve difficulties in their work, support them in carrying out their work, independently, conscientiously and with initiative, and bring into full play their role.

Young people are the most active and vital force in society. Their growth decides the rise or decline, success or failure of our party and our country in the future. Party organizations at all levels must take good care of young people, pay attention to educating and cultivating them and bring into play

their role. The CYL is the assistant and reserve force of the CPC as well as a school for advanced youth to learn communism through practice. CYL organizations at all levels must strengthen their own construction, maintain close ties with the broad masses of the young, unswervingly conduct communist education among young people in various lively forms suitable to their characteristics, mobilize and organize them to act as a shock brigade force in the struggle to create a new situation in the construction of socialist modernization. We must pay attention to admitting advanced youth into the CYL and cultivate and bring up a great number of excellent CYL members, thus infusing fresh blood to the party.

The united front remains a powerful weapon of the party in the new historical period. In the construction of socialist modernization in the capital, the united front still plays a very important role. We must enhance our understanding of the importance of the united front in the new historical period, further eradicate "leftist" influence, adhere to the policy of "long-term co-existence and mutual supervision" and "being loyal-hearted and sharing honor and disgrace together," bring into full play the role of the CPPCC committees at municipal, district and county levels, and earnestly respect the political freedom, organizational independence and equal lawful position shared by all democratic parties within the scope of the rights and obligations endowed by the constitution. We must also strengthen work regarding nationalities, religions, overseas Chinese affairs and Taiwan affairs, continue to seriously implement various policies of united front work, cooperate more with all democratic parties, democratic personages without party affiliation and all patriotic personages, and consolidate and strengthen the most extensive patriotic united front, thus serving the construction for socialist modernization of the capital and making contributions to the great cause of achieving the reunification of the motherland, including Taiwan.

Comrades!

The CPC Central Committee cherishes ardent hopes for the construction of the socialist modernization of the capital. The 4-point proposal put forward by the secretariat of the CPC Central Committee has given us a grand fighting target. We have many favorable conditions to achieve the target: Since the CPC Central Committee is right in Beijing, it is possible for us to promptly receive concrete instructions from the CPC Central Committee and the State Council; all provinces, municipalities and autonomous regions are very much concerned about the construction of the capital and have rendered us much assistance; party organizations and the vast number of party members in Beijing have withstood protracted tests and toughened and improved themselves; the people of the whole city are imbued with fervent enthusiasm for building a modernized socialist capital; we have already created a political situation of stability and unity and accumulated experience in building a modernized socialist capital. However, we now confront quite a lot of difficulties and problems. We must not only squarely face difficulties but also take into full account favorable conditions and integrate ardent revolutionary enthusiasm with the scientific approach of seeking truth from facts. We must set high demands on ourselves, do our utmost to overcome difficulties, and confidently march forward to realize the grand fighting target.

The CPC Central Committee has pointed out: We must systematically carry out organizational reform and the reform of the economic system. We must vigorously build socialist spiritual civilization. We must hit hard at the serious criminal activities of undermining the socialist economy and the socialist system. We must rectify party style and restructure party organizations. These are the powerful guarantees of adhering to the socialist system and achieving socialist modernization. Party organizations at all levels in the city must attach great importance to these four prime issues and earnestly carry them out unswervingly.

In order to create a new situation in all fields of socialist modernization in the capital, we must unite more closely around the CPC Central Committee, continue to study the documents of the 12th CPC Congress deeply and thoroughly, completely implement the correct program and series of guiding principles and policies formulated by the 12th CPC Congress and resolutely and steadily act in unison with the CPC Central Committee politically.

In order to create a new situation in all fields of socialist modernization in the capital, we must fully believe in and depend on the broad masses, earnestly implement the mass line in all work, further bring into full play the vast reservoir of enthusiasm for socialism the masses have, and scientifically organize them to bring their wisdom into full play.

In order to create a new situation in all fields of socialist modernization, we must further carry forward democracy within the party, strengthen unity within the party and the cadre ranks, make party members and cadres of the city bring into full play their creative abilities, sense of responsibility and pioneering role so as to vigorously stand in the forefront of the construction in the capital.

In order to create a new situation in all fields of socialist modernization of the capital, we must further improve our style of leadership and the working methods, go deep into reality, carry out investigations and researches, have a comprehensive idea, give meticulous guidance and actively and in an orderly way promote our work.

All party members in Beijing City must, under the great banner of Marxism-Leninism and Mao Zedong thought, inherit and carry forward the fine tradition and style of the party, brace themselves up work hard, be modest and prudent, guard against arrogance and rashness and unite and lead the broad masses in the struggle to build Beijing into a modernized socialist capital with a high degree of civilization and democracy.

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NATIONAL POLICY AND ISSUES

'RENMIN RIBAO' ON ECONOMIC GROWTH, POPULATION

HK250900 Beijing RENMIN RIBAO in Chinese 2 Nov 82 p 5

[Article by Wu Canping [6762 33]8 5493]: "The Level of a Comparatively Well-off Life and Two 'Strivings'"

[Text] A well-off life and two "strivings" are closely related.

The two "strivings", proposed in the 12th CPC National Congress report, include striving to quadruple the total annual value of our industry and agriculture and to build a rich life for our people within 20 years. We are also striving to keep our population under 1.2 billion by the end of the century. These two "strivings" are closely related.

Economic growth and population should be taken into account if we want to attain a well-off life, no matter whether we measure it by average national income or by total industrial and agricultural value.

By the end of the century our average total per capita agricultural and industrial output value will be 2,333 yuan and our per capita national income will be around 1,200 yuan if the two "strivings" are realized. Our people have yearned for this well-off level, even though it is not high, for years. And now it can be envisaged and achieved.

We should note that it is not enough for us to succeed in only quadrupling our total annual agricultural and industrial output value. We should also strive to keep our population under 1.2 billion. The reason is that the per capita agricultural and industrial output value is the result of the total agricultural and industrial output value divided by the total population, with the total agricultural and industrial output value being the numerator, and the total population being the denominator. The faster and greater the increase of the former, the faster and higher will be the level of a comparatively well-off life. Population is just the opposite. The slower and smaller the growth, the sooner a comparatively well-off life will be attained. Furthermore, the two "strivings" complement each other. If one of them cannot be realized, the realization of the other will be affected.

The two "strivings" are not quite equal to each other. The striving for the quadrupling of the annual total agricultural and industrial output value will always be a determinant. The report of the 12th CPC congress has stipulated the strategic targets, emphases, steps and important principles for realizing economic development. It specifically emphasized that the main task is to carry on the socialist modernization and economic construction and to improve the entire socialist economy.

Meanwhile, the 12th CPC congress has further emphasized birth control. It clearly states that "the population problem remains serious during our economic and social development. The implementation of birth control is a national policy." We should seriously stick to this point.

Do Not Underestimate the Significance of Population as the Denominator

It is common knowledge that the standard of living can be measured by average targets such as the per capita national income, average food production and residential area. However, our state kept a low profile regarding these targets for a long period. It was thought that the greater the population, the faster the rate of socialist construction. The fact that excessive population growth would affect the increase of consumption power was seldom considered. Inter-related is the belief that the difference in population growth carries no weight. The reason is that the difference in annual population growth is figured on a one-thousandth basis. The figure can only double in two or three decades. In an atmosphere in which high targets are stressed, the annual economic growth rate may increase by 10 or 20 percent or more in a few years' time. The population factor is trivial when compared with the average targets. Our annual per capita food production was around 600 catties for the two decades since 1957. It was even lower in some years. This was due to errors in our policy. It was also because the population factor was ignored.

But now the significance of population in average targets has begun to gain importance. Birth control is practiced in many localities, especially villages. Notable results have been scored in publicizing the idea that excessive population growth means less arable land per capita and slower increases in average food production and income. However, to realize the significance of our birth control as a denominator is not enough. It should also be realized as a numerator.

To Fully Realize the Significance of Population on the Numerator

In the cause of reaching a well-off level by the end of the century, the significance of population on the numerator is the influence of population on production or, to be more specific, on the growth rate of the total industrial and agricultural output value. Historical materialism tells us that the growth of and change in population can speed up or slow down social development. We must analyze in detail whether it can be speeded up or slowed down.

There are many historical cases in which population growth can speed up average output per capita. Such cases often happen in countries of vast territory, with sparse population but rich resources for further development. In respect

to agriculture, it should have enough arable land. In respect to industry, it should have enough raw materials, production equipment and technological forces, and where labor forces are insufficient. Under such circumstances, a faster growth in population is favorable for economic development, as in an average output per capita which increases faster than population growth. Concerning our present situation concerning population, economic structure, capital, technological power and natural resources, it is impossible for a faster population growth to speed up economic development.

The effect of speeding up rather than slowing down economic development by a faster population growth has long been emphasized in our state. The effect of slowing down economic development by an excessive population growth was gradually realized since the seventies, in particular since the 11th session of the 3d NPC. However, attention was mainly paid to the factor of population as the denominator. The effect of excessive population growth on the speed of development and its degree of development were seldom studied. In fact, an excessive and faster growth of population will require more consumption funds to feed a growing population if the standard of living is to be maintained. As a result, the accumulative fund will decrease and the speed of production development will be affected. The effect is obvious and direct. Its degree can be expounded and estimated in theory and practice.

A way to estimate this is to figure out the investment amount for expanding reproduction through social expenditures on feeding a growing population, then to assess the effect on the speed of production development. For instance, in 1979, some research institutes believed that the average cost of feeding a person from birth till labor age was 2,200 yuan (city: 6,900 yuan, town: 4,800 yuan, village: 1,600 yuan). If our population increases by 100 million, the state will spend 220 billion yuan to raise the new population to the labor age. Although the figures were the accumulation of annual expenditure, the expenditure cannot but affect investment in reproduction development, and the speed of economic development will not decrease. In other words, the speed of production development will increase.

Another way of estimating this is to calculate the causality between the population growth rate and production growth. The method is: the pace of production development is lowered by one percent when the population grows one percent. The rationale is that as investment is used to bring up the population by one percent, investment to bring up production is lowered correspondingly. Thus the pace of production growth is deferred by one percent. This method of calculation is easy to understand. The method is used almost universally to calculate the causality between national population growth and the pace of production development in certain Third World countries.

If we use the latter method to calculate the causality between population growth and the total output value of agriculture and industries, the result will be like this: Assuming that all factors are constants, between 1981 and 2000, the average annual total output value of agriculture and industries will be 7.2 percent, and the population will reach 1.3 billion instead of 1.2 billion by the end of the century. This means an annual growth rate of 0.45 percent

above the targeted 1.2 billion, which will subsequently lower the average annual total output value of agriculture and industries from 7.2 percent to 6.75 percent. On the basis of the lowered rate, the total output value of agriculture and industries will be 2,545.3 billion yuan instead of 2,800 billion yuan by the end of the century. (Note: The figures are calculated on the basis of the total agricultural and industrial output value of 749 billion yuan in 1981).

As the report of the 12th CPC Congress points out, "An excessive population growth will affect not only the increase of average income, the supply of food and housing, and the demand for education and employment. It might become a serious problem which might endanger social stability." That is to say, the effect of population growth on the pace of production development is not confined to the direct calculation, but might also have immeasurable impacts as well. An excessive population growth will hamper the implementation of "distribution according to work" to a different extent, will also hamper the improvement of the people's standard of living and will subsequently slow down production development as a result of obstructed enthusiasm of the people on the production line. On the other hand, an excessive population growth will hinder the improvement of people's health, science and culture. As a result, the technical level and scientific management level of the people on the production line will be incompatible with the demand for production and this will affect the pace of development. An excess population growth is also detrimental to production development because it will bring forth some social problems when employment and education lag behind.

As stressed in the report of the 12th CPC Congress, "We must continue the thorough implementation of the 10 economic construction guidelines approved at the 4th meeting of the 5th plenum." The 10th guideline suggested, "In order to ensure a gradual improvement of people's life, we must persistently continue to control population growth." There are two possibilities on this question: Either stringently and effectively control population growth so that people's standard of living can be gradually improved and national construction can be expanded annually; or let population grow immensely because there is no stringent control, the people's standard of living economic, cultural and national construction are not improved. We must follow either way." Based on the actual situation, the two possibilities analyzed by Comrade Zhao Zhiyang do exist. We must strive for the first possibility and avoid the second, so as to struggle for and realize the great goals raised at the 12th CPC National Congress.

CSO: 4006/120

NATIONAL POLICY AND ISSUES

GAO YANG AT HEBEI ECONOMIC DEVELOPMENT FORUM

HK120910 Shijiazhuang Hebei Provincial Service in Mandarin 0400 GMT 4 Nov 82

[Text] The provincial CPC committee and people's government held a report meeting on 1 November on strategy for socioeconomic development, calling on all trades and professions to take care of the province's economic development and make contributions to working out a development plan for the next 20 years and achieving the magnificent goal of the 12th party congress.

Liu Bingan, secretary of the provincial CPC committee and acting governor, presided over and spoke at the meeting. More than 1,000 people attended the meeting including, Gao Yang, first secretary of the provincial CPC committee; responsible comrades of the provincial CPC committee, people's congress standing committee, people's government and CPPCC; and responsible comrades and relevant personnel of departments, commissions, general offices and bureaus directly under the province.

Comrades (Zhao Xu, Kang Yicheng, Li Suxian, Chen Jianru, Guo Hongqi, Zhao Buchang and Li Shuqing), members of the strategic research office for socioeconomic development under the provincial economics association, made reports at the meeting, giving briefing on the provincial situation in the fields of industry, agriculture, commerce, education, science and technology. In combining theory with the actual situation, they analyzed the favorable conditions for quadrupling the gross annual value of industrial and agricultural production in our province and put forward some tentative ideas and suggestions for future development, thus broadening the vision and increasing confidence of the meeting's participants in achieving the magnificent goal.

Comrade Liu Bingan made a closing speech at the meeting. He said that this meeting had made a tentative investigation into some major strategic problems of the province's economic development such as agriculture, energy resources, education, science and technology. The aim was to let all of you know the general situation and draw your great attention to the issue of studying the strategy for the socioeconomic development of our province. The plans for development should be worked out through the method of from bottom to top and from top to bottom. Working out the plans for the next 20 years is a great event which has a bearing on the interests of all the people of our province. Therefore, all trades and professions should all rise and map out plans in line with the 12th party congress spirit so as to boost the economy of our

province by every means possible. This is not only a matter of the economic departments but also needs concerted efforts by the whole party and all other departments concerned to use their brains and work hard to create a new situation in the economic field of our province. Comrade Liu Bingnan pointed out that forming the plans should be based on investigation and study. We must exert enormous efforts to draw up plans for developing all trades and professions, promoting economic regionalization and carrying out technical transformation in key enterprises. The plans in these three fields constitute an important basis for working out overall plans for the whole province by means of a comprehensive balance. In conducting investigation and study, all trades and professions must invite relevant scientific and technical personnel to take part. In working out plans, we should by no means only know how to sit in an office and calculate figures, but should also take good account of development, policies and equipment in a technical sense, and should go down to work sites to make a survey. Meanwhile, in making plans we should anticipate varied market needs, realize our own favors and make full use of them. We should also make the part subordinate to the whole.

CSO: 4006/120

NATIONAL POLICY AND ISSUES

'GUANGMING RIBAO' ON FAVORABLE ECONOMIC CONDITIONS

HK231306 Beijing GUANGMING RIBAO in Chinese 14 Nov 82 p 3

[Article by Su Xing [5685 2502]: "A Talk on Certain Favorable Economic Conditions for Achieving the Strategic Goal"]

[Text] In his report to the 12th party congress, Comrade Hu Yaobang put forth the strategic objective of China's economic construction for the coming 20 years. This general objective is, while steadily working for more and better economic results, to quadruple the gross annual value of industrial and agricultural production—from 710 billion yuan in 1980 to 2,800 billion yuan or so in the year 2000.

This is indeed a magnificent objective. According to this objective, China should increase her annual total industrial and agricultural output value by 7.2 percent within the next 20 years. In order to lay a solid foundation and accumulate strength in the first decade, it is impossible for our economy to grow very rapidly. However, in the second decade we should strive to surpass 7.2 percent, that is to increase by 8 or 9 percent. After World War II, such a rate of growth was only seen in a few developed capitalist countries in a certain period of time, and in one or two socialist countries.

The task of achieving this strategic goal is arduous. However, the goal is attainable provided we grasp the strategic key points set forth in Hu Yaobang's report, advance steadily according to the adopted strategic steps and earnestly implement a series of correct policies formulated in the report. With regard to the possibility of attaining the strategic objective, many comrades have expounded and proved it from the aspects of politics, economy, science and technology. Now, I would like to probe into some favorable factors to achieve the goal in line with the developing tendencies of the national economy.

1. Ours is a socialist planned economy. The essence of planned economy is to develop the economy in proportion. Facts show that the system of planned economy is better than others. The detours taken in China's economy in the past cannot be blamed on the practice of planned economy, but rather on the fact that we hankered after achieving quick results, set targets too high, violated the objective law of planned economy and even undermined planned economy itself, thus bringing about serious improper ratios between the economic

sectors. Comrade Chen Yun said: From a long-term point of view, the highest rate of growth lies in developing the national economy in good proportion. During the first 5-year plan and the economic readjustment in the 1960's, China achieved an annual increase of over 10 percent in the total output value of industry and agriculture. This was mainly due to a relatively good proportionate economy. Now, we have been carrying out economic readjustment in order to overcome the improper ratios and strive to develop the economy in a proper way. Over the past 3 years, noticeable results have been achieved in the readjustment. Along with further readjustment and the strengthening of the weak lines, such as energy and transport, a more proper ratio among the economic sector will be established and the economic structure will become more rationalized. We can then expect that development during the seventh 5-year plan will be more rapid than that of the sixth, and the development in the second decade will surely be more rapid than that in the first decade.

2. China's industry is now entering a new stage of technical transformation and equipment updating. Figures show that of the fixed assets in our country's industrial and transport enterprises, those which have been used over 15 years constitute 42 percent, those over 20 years, 33 percent; those over 25 years, 14 percent; and the rest were all installed before liberation. Therefore, we can see that about half of the equipment has to be renewed. Of course, the work of updating such fixed assets will not be based on the present level of technology. It will require modern technology, including foreign advanced technology. Thus, equipment low in efficiency will be replaced with more efficient machinery. According to universal law, updating fixed assets on a large scale is usually the starting point of a new economic upsurge. After World War II, beginning from the late 1950's to 1970, Japan had witnessed two economic upsurges with an annual increase of over 10 percent. This mainly stemmed from a sharp increase in investments in technical transformation. China is now, by and large, in a similar stage of development. This is a very favorable factor.

China's agriculture will gradually be modernized. With the development of specialization and socialization in farm production, labor productivity and the percentage of marketable products of agriculture will be greatly raised so as to create some prerequisites to an overall upsurge of the whole national economy. Marx said: Leaving aside foreign trade, "It is obvious that the number of workers who are engaged in the processing industry and others, but are completely divorced from farm production, (Stuart called them 'free hands') is decided by the quantity of farm products which farmers produce more than their own consumption." ("Collected Works of Marx and Engels," vol 26, book I, p 22) Now, one of the major factors restricting our country's development in industry and other economic and cultural undertakings is that labor productivity is rather low in our agriculture. Now, a farmer can feed only three people or so. If a farmer can feed 4 or 5 people, then a large number of the labor force can be shifted to industrial and other enterprises. Since the introduction of the agricultural responsibility system, the labor force in rural areas has showed a small surplus and a part of the rural population has stopped farming and taken up other work in the rural areas. Meanwhile, rapid development has also been made in the industries run by communes and brigades. Such a situation will continue to develop. Generally speaking, the rate of growth of industrial

production is bigger than that of agriculture, and the net output value created by the workers is higher than that of the peasants. Hence, such a change in the setup of production inevitably will vigorously speed up the growth of total agricultural and industrial output value.

4. We are now carrying out reforms in the economic system. Through the reforms, we will be able to make overall plans and take into consideration the interests between the state, collective and the individuals. We will be able to fully arouse the enthusiasm of the central authorities, localities, departments, enterprises and working people to concentrate their efforts on construction and speed up the development of industry and agriculture. Now, such momentum has appeared in some provinces and municipalities. For example, Sichuan Province, a pioneer in the reforms of the economic system, doubled its total agricultural and industrial output value from 1976 to 1981 (an increase of 80 percent after adjustment for inflation). Proceeding from the whole situation of the national economy, reform of the economic system should be initiated in such problems as the composition of ownership, planning and market, central authorities and localities, pricing and the wage system. As a starting point of the reforms, the responsibility system of administration and management should be first and foremost applied in the state enterprises and the collective enterprises. As is known to all, the production responsibility system has achieved very good results in rural areas. The economic responsibility system is also being widely developed in the industrial enterprises. Judging from the experiences gained by the Shoudu Iron and Steel Company and other advanced enterprises, we can see that the potential in this aspect is beyond measure. With the approval of the State Council, the Shoudu Iron and Steel Company has now tried a system of progressively increasing the profits to be forwarded to the state each year; that is, the profits to be forwarded to the state from 1983-85 will increase at an average rate of 6 percent a year. The total profits to be forwarded to the state in the 3 years will be equal to the net value of all fixed assets of the company at the end of 1981. Meanwhile, when enterprises increase profits, they will have more financial resources to promote technical transformation and improve the workers' livelihood. Enterprises are cells of the national economy. If the economy of such enterprises is enlivened, we can then expect more rapid development in agricultural and industrial production. With regard to the favorable economic conditions mentioned above, some of them are still under development. Thus, it has been further proved that the strategic objective set forth in the 12th party congress is practical and feasible. We should be confident to work hard for the attainment of the goal.

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NATIONAL POLICY AND ISSUES

'GUANGMING RIBAO' ON PROPORTIONATE DEVELOPMENT

HK231331 Beijing GUANGMING RIBAO in Chinese 14 Nov 82 p 3

[Article by Liang Wensen [2733 2429 2773] and Tian Jiaohai [3944 3068 3189]: "We Must Follow the Law of Proportionate Development"--Reading Comrade Chen Yun's 'Explanations About the First Five-Year Plan'"]

[Text] In June 1954, Comrade Chen Yu spoke about how to do a good job of planning in his "Explanation of the First Five-Year Plan." He stressed: "We must comply with the law of proportionate development." At the same time, he also made a brilliant exposition of how to understand and follow this law. This is still of great and immediate significance for us in our efforts to achieve the objectives for economic development set forth by the 12th party congress.

Proportionality and Planning

As we know, the proportionate development of the national economy is a universal law deriving from the objective requirement of socialized mass production. One of the important manifestations of the superiority of the socialist system is that proportionate development can be achieved through planning in a socialist society which has as its base public ownership of the means of production. Whether a national economic plan is scientific depends mainly on whether this plan conforms to the objective requirements of proportionate development. If a plan is not well proportioned, then the implementation of such a plan would bring worse consequences to the national economy than unplanned action. For this reason, Comrade Chen Yun emphasized that we must observe the law of proportionate development and make scientific analysis and study of the ratios between agriculture and industry, between light and heavy industries, between various branches of heavy industry, and between industrial development and railway transport, and of the balances between the supply and demand of technological strength, between financial income and payment, between purchasing power and goods supplies, etc. Practice proves that the socialist economy can develop healthily only when well-proportioned plans are worked out for the development of various branches of the national economy and feasible measures are adopted to tackle the weak sections and the key links after careful study of the internal relations between the various branches of the national economy and between all factors of reproduction. The success we scored in carrying out the First Five-Year Plan cannot be separated from the fact that this plan attached great importance to

proportionate development. At present, when we are working out the Sixth Five-Year Plan and long-term programs, we must comply with the law of proportionate development and discover and grasp the weak links and key links. For a fairly long time to come, our weak links will lie in agriculture, energy and transport, and education and science. The development of industry and the national economy as a whole will depend on whether these weak links can be properly handled.

Here, it is also necessary to note that not only planned production and circulation (which constitute the main sector) need to be well proportioned, but the sector subject to regulation by market mechanism (which is supplementary) should also conform to the requirement of proportionate development. When we decide to allow the law of value to play a spontaneous regulatory role within a given limit, we must also take into consideration whether this is beneficial to proportionate development. For example, it is neither necessary nor possible to include the production and distribution of some daily-use consumer goods into state plans; the relevant enterprises should decide what and how much to produce in accordance with market conditions. But, in the final analysis, the purpose of acting in this way is to achieve a balance between production and demand in a more effective way and to satisfy people's wants as much as possible. Therefore, it is wrong to think that only planned production and circulation need to be in proportion and that the sector subject to regulation by market mechanism does not have to conform to this requirement.

Proportionality and National Conditions

Comrade Chen Yun said: "The specific ratios between various production branches vary from one country to another, and even within the same country, these ratios differ in different periods. A state should work out appropriate ratios in its plans in line with its current economic situation." This is an important expression of the attitude of seeking truth from facts and always proceeding from reality when making plans. With regard to the important ratios in the national economy, Comrade Chen Yun always strictly places his careful calculations on the basis of actual current conditions and expected future conditions in China and through studying and comparing different draft plans, finally decides on an appropriate plan. Our economic conditions during the First Five-Year Plan were that there was almost no basic industry, light industry formed a large part, and agriculture was extremely backward and scattered. Therefore, when arranging the ratios between agriculture, light industry and heavy industry, we placed stress on the development of heavy industry and at the same time, paid attention to the corresponding development of light industry and agriculture. Heavy industry required more funds than other branches and the funds could only be made available through internal accumulation. For this reason, we placed stress on guaranteeing a certain amount of accumulation when deciding the ratio between accumulation and consumption. At the same time, we also recognized that the accumulation rate could not be set too high and must be coordinated with consumption. Compared with the First Five-Year Plan period, our national economy at present has greatly developed and the proportion makeup of agriculture, light industry and heavy industry as well as the ratio of accumulation to consumption have greatly changed. Disproportion in various economic

areas caused by diverse reasons has not yet been thoroughly eliminated. Therefore, readjustment must continue to be carried on during the Sixth Five-Year Plan so as to lay a solid foundation for future development. Under these circumstances, for a certain time to come, we must pay special attention to agriculture and light industry, while the growth rate of heavy industry will not be as high as it was before, and neither will the accumulation rate be set too high. What we want to emphasize here is that whether the Sixth Five-Year Plan and long-term plans can score the hoped for successes depends heavily on whether the major ratios set in these plans tally with the actual conditions of China.

We feel that in discussing China's economic issues, there exists a certain tendency worthy of our attention. That is, when taking foreign experiences as reference, some people tend to make a simple comparison between foreign things and the state of affairs in China, or even mechanically apply foreign things to Chinese conditions without thoroughly analyzing the differences in conditions and factors between other countries and China. They simply ignore their comparability or otherwise. Of course, with the continuous advances in technology and the development of socialized mass production, the changes in different major ratios in industrially advanced countries can be taken as references. However, whether we have rational ratios between industry and agriculture, between light and heavy industries, between industrial and agricultural production on one side and energy and transport on the other, and between accumulation and consumption, should be judged by China's developing conditions. A certain ratio may be suitable in a foreign country, but it may not be suitable in China, or it may be suitable in the future but not at present. Therefore, it is of fundamental significance to study Chen Yun's economic thought and set up a firm idea of all proceeding from China's specific conditions.

Proportionality and Balance

As for various ratios, "It is difficult to say what figures are correct. The only way to judge whether a ratio is appropriate is to see whether it can lead to a balance. An appropriate ratio can always lead to a balance. So if a balance has been achieved, the ratio is in the main appropriate." This viewpoint of Comrade Chen Yun is quite original. For a long time in the past, we did not have a clear understanding of the relationship between proportionality and balance, nor could we properly handle this in our practice. We once took a one-sided view of balance and considered that balance was relative and imbalance was absolute. To seek so-called "active balance," we tended to neglect the constant maintenance of well-coordinated balance and even went as far as to deliberately leave large gaps in plans. As a result, the national economy as a whole failed to operate in a coordinated way as a great disparity existed between production and demand and between funds and materials, with goods in excessive supply continuing to be overproduced and vice versa.

The theory put forward by Comrade Chen Yun as well as the positive and negative experiences of our practice tell us: 1. Balance is the only yardstick

of an appropriate ratio. In general, ratios mainly refer to the quantitative relationships of pairs of things, while balance indicates the aptness of these relationships. By an appropriate ratio we mean that a quantitative relationship is appropriate or the mutual relationship of two things is well coordinated. But we should also realize that a ratio is always used to indicate the relationship of two types of economic activities, while balance, besides indicating the compatibility of two types of economic activities, often refers to the overall balance in the national economy. By comparing the implications of a specific ratio and an overall balance, we find that the latter covers a wider range. The overall balance in the national economy must be achieved on the basis of a series of appropriate ratios and these appropriate specific ratios may be more than one. Some specific ratios may be appropriate if looked at merely from the point of view of the relations between the two economic activities concerned; but they may be inappropriate if viewed from the position of the overall balance which involves many more factors and complexities. In this case, the specific ratios should be readjusted in line with the requirement of the overall balance of the national economy. 2. The overall balance is a basic means by which we attain the goal of proportionate development. It is mainly through the maintenance of the overall balance in the national economy that we effect its proportionate development. Historical facts have showed that whenever we did a good job in maintaining an overall balance, major ratios would always be well coordinated and the economy would smoothly develop conversely, whenever we failed to maintain the overall balance, disproportions would appear in major ratios and hence economic growth in that period would be stagnant. If we can really act as Comrade Chen Yun said and seriously do a good job of keeping the overall balance in accordance with the law of proportionate development, we will be able to avoid the vicissitudes we suffered before and guarantee the steady and coordinated development of the national economy.

Proportion and Speed

Comrade Chen Yun said: "Because the economy in our country is backward and we have to catch up with the advanced within not too long a time, the balance in our plans cannot but be a tense balance." "There will never be a balance with wide margins because no speed can be achieved if we keep all things advancing side by side. However, the tenseness should not go as far as to break the balance." By saying this, Comrade Chen Yun has actually pointed out the way to correctly handle the relationships between the ratio and the speed. This constitutes an economic thought of strategic significance.

The growth rate in a plan shows the level of economic growth which the plan expects to reach and its difference from the level in the starting period. The economic growth in the period of a plan is a comprehensive indicator which reflects the result of economic development. When we are drawing up a national economic plan and arranging various major ratios in the national economy, we must take a given growth rate into consideration. But how high this rate should be depends on the state of various ratios in the economy and this rate is conditioned by the law of proportionate development. So this growth rate is certainly determined by objective factors. However, when we drew up economic plans in the past, we tended to first decide on a growth rate

according to our wishful thinking and then work out the size of capital construction and the development of production, circulation and other undertakings accordingly. Because we one-sidedly sought high growth rates and improperly laid stress on heavy industry, especially on the iron and steel industry, without taking rational ratios into account, the balances were so tense that in the end they were broken and growth could not but slow down to readjust ratios and restore the balances. This shows that ratios condition growth rates and growth rates cannot be separated from ratios. At the same time, this also proves that a "tense balance" has its objective limits and it must be maintained within the scope allowed by current manpower, financial and material resources by making the best possible use of these resources. This tense balance should be able to bring about a steady and high rate of growth in the national economy as a whole.

It can be seen that the fine balance demands that high speed be sought under the precondition of balanced, proportional development. We cannot seek high speed at the expense of balanced development. At present, our national economy is improving. This is precisely because we have drawn lessons from the previous practice of placing stress solely on seeking high growth rates but neglecting proportionality development and we have now gradually rationalized the ratios between agriculture, light industry and heavy industry and between accumulation and consumption. As a result, the present growth rates of the economy have been set on a reliable and scientific foundation.

Proportion and Economic Results

Neither speed nor proportion are our purpose in developing the economy. Our purpose in developing the socialist economy is, in the final analysis, to satisfy the ever increasing needs of the people in their material and cultural lives. Therefore, economic work in all fields must achieve good economic results. That is, we should strive to produce the greatest value of use to satisfy the people's needs by consuming the least labor. But whether a good economic result can be achieved depends heavily on whether the plan is worked out in a proper way.

Comrade Chen Yun's viewpoint concerning proportionality or balance includes a notion of paying attention to economic results. This is because whether the balance is achieved virtually indicates whether a mutually fitting (balanced) relationship exists between the demands constituted by various ratios in the economy and the diverse resources in society. When given social demands cannot be met because the resources are not fully utilized or seriously wasted, this means that the economic results are falling or have been very poor. In the past, the disproportion within our economy, the irrationality of our economy structure, with heavy industry holding too large a share and light industry and agriculture too small and the disproportion between industrial and agricultural production and transport capacity were all finally reflected in poor economic results.

How should we readjust the ratios so as to improve economic results? In our opinion, the most important thing is to guarantee the balanced development of the two major categories of production and the proportionate development

of agriculture, light industry and heavy industry. This requires us to give first priority to agriculture, speed up the development of light industry and shift heavy industry to the path of serving agriculture and light industry and serving technical transformation in the national economy as a whole. At the same time, it is also necessary to properly handle the relationships between accumulation and consumption, between production, construction and livelihood, and between industrial and agricultural production and the facilities of infrastructure. We must give preferential treatment to the production of scarce products in funds, fuel, power and raw material supplies, lower the production targets for products in excessive supply and limit or stop the production of goods of poor quality and rectify the enterprises running at financial losses and require them to stop losses within a set time. In this way, we can attain the goal of creating the greatest utility by consuming the smallest amount of labor.

CSO: 4006/120

NATIONAL POLICY AND ISSUES

'JINGJI GUANLI' ON MINUTES OF EDITORIAL MEETING

HK111050 Beijing JINGJI GUANLI in Chinese No 9, 15 Sep 82 pp 3-4

[Report: "Minutes of the First Meeting of the Second Editorial Board of JINGJI GUANLI"]

[Text] Readjustments and restructuring in state bodies as well as changes in personnel have led the editorial committee of the monthly periodical JINGJI GUANLI [ECONOMIC MANAGEMENT] to carry out corresponding readjustments, and thus the second editorial board called its first meeting for 19 July 1982. Chairman of the meeting was the periodical's former Editor-in-Chief Ma Hongtong [2456 3163 0681], and the former Deputy Editor-in-Chief Jiang Yiwei [5512 001 5517] read the report on the editorial board's work. During the meeting serious discussion took place concerning the future editorial policies of the periodical as well as candidates for the positions of editor-in-chief and deputy editor-in-chief.

The meeting unanimously agreed that since commencement of publication of JINGJI GUANLI, and under the direction of the first editorial board, the publication, working in close coordination with the principles laid down after the 3d Plenary Session of the 11th Central Committee and catering to the needs of both enterprise and grass roots work units through its work of organizing propaganda reports, has emerged with its own unique character. Today the publication has over 200,000 permanent subscribers and is warmly welcomed by economic bodies at all levels as well as grass roots work units as playing a definite motivating role in raising the standards of economic administration in China. However, there are still some unsatisfactory areas to be dealt with. Propagation of the party and the government's policies is not sufficiently prompt. Many article giving experiential advice are not representative enough while other articles lack refinement, with a hackneyed style and too many typing errors. All this we intend to change in the future.

The meeting felt that the publication must continue to implement those editorial policies originally laid down by the editorial board: to take as its most important task the propagation of party and government policies as well as timely propagation of advanced experiences in economic administration and in-depth examinations of theoretical and practical problems relating to economic management and the dissemination of relevant fundamental knowledge about management. Our publication wants to contribute greatly to the

management sciences related to the construction of China's socialist modernization program.

The publication will continue to emphasize "synthesis" and publish various policy-related and directive articles of specialist interest as well as organizing special columns such as "New Views," "Economic Commentary," and others, so that readers involved in different areas of work may gain a fuller understanding of developmental trends in economics and grasp the major policies and guidelines set down by the party and the government related to economics.

The publication will continue to fulfill its characteristic role of catering to grass roots levels, aiming mainly at leaders of grass roots enterprises and regional and commune leaders and providing them with administration experience and know-how. Leading articles must strive to fully represent the "three mosts"; namely, to try and obtain the most authoritative work units and writers to contribute articles, to put over the most representative and model experiences or research results and to answer the most immediate and important of readers' questions. In general, articles should be short but pithy, and support publication policy which demands a reflection of the character of the masses. Most articles should come from all departments and from the grass roots level so that the publication may take on an air of "being written by and for everyone."

Our publication should continue to support the move to integrate theory with reality and the policy of "let a hundred flowers blossom, let a hundred schools of thought contend." The publication must introduce a great deal of concrete practical experience, publish articles which examine in depth the integration of theory and practice, and try to promote the development of China's management sciences.

The publication will continue to uphold the principle of "making foreign things serve China" as well as continuing "evaluations of Chinese and overseas administrative experiences," "modern administrative methodology" and other similar columns. It will continue to absorb foreign experiences and adapt them to Chinese circumstances as well as raising the level of modernized management in China.

The publication will continue to improve the style of its articles and do its utmost to shorten and enliven articles by cutting out empty phrases and verbal padding. The layout will be improved and brought to life and the richness of content which early issues of the magazine boasted will be re-established. Editorial work will be improved, with the eradication of spelling and numerical misprints.

The meeting decided that Comrade Ma Hongtong should take up the position of advisor to the editorial board while Comrade Jiang Yiwei would occupy the position of editor-in-chief. The meeting further decided that as of today, the editorial board shall meet once every three months, with the editor-in-chief and deputy editor-in-chief in charge of day to day work.

Supplement: List of members of the editorial board of the monthly periodical JINGJI GUANLI [ECONOMIC MANAGEMENT] (in order of number of strokes in surname characters)

Ding Wang [0002, 2598] (deputy editor-in-chief of WORKERS' DAILY)

Wang Guichen (vice-principal of Agricultural Economics Institute, China Academy of Social Sciences)

Wang Jobo (deputy general secretary, China Enterprise Administration Association)

Wang Jiamo (principal, Research Institute for Overseas Economic Topics, Chinese People's University)

Liu Xiao (vice-principal, China Jiwei Economic Research Institute)

Liu Qimao [0491 0366 0379] (editor in chief, JIANGJI GUANLI)

Li Cong (deputy director, World Economics Institute, China Academy of Social Sciences)

Li Chongwei [2621 1504 1218] (executive secretary, Economic Research Centre, State Council)

Lin Senmu (deputy director, Economic Research Institute, Department of Town and Country Construction and Environmental Protection)

Zhao Wei ju (deputy director, production office, member of State Economics Committee)

Xiang Qiyuan (deputy director, Economic Research Institute, China Academy of Social Sciences)

Tang Zonghun (deputy office leader, Economic Research Institute, China Academy of Social Sciences)

Gui Shiyong [2710 0013 6978] (director of China Policies Research Office)

Xu Shoubo (deputy director, Technological Economic Institute, China Academy of Social Sciences)

Gao Dichen (deputy director, Finance & Trade, Materials & Resources Economic Research Institute, China Academy of Social Sciences)

Cui Shaolin (deputy director, JINGJI GUANLI Magazine Publishing House)

Jiang Yiwei (vice-principal, Industrial Economics Research Institute, China Academy of Social Sciences)

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NATIONAL POLICY AND ISSUES

'JINGJI GUANLI' ON SHIPPING PRODUCTS TO COUNTRY

HK181333 Beijing JINGJI GUANLI in Chinese No 9, 15 Sep 82 pp 7-9 & 18

[Article by Ma Chenggeng [7456 2052 3801]: "The Work To Ship Industrial Products to the Countryside Must Continue To Be Done Well"--passages within slantlines published in boldface]

[Text] I. The shipping of industrial goods to the countryside is an objective demand of the exchange of industrial and agricultural goods and the flow of goods and materials between cities and the country. In China, with eight hundred million peasants living on the land, the work of shipping goods to the countryside has an important role to play in consolidating the integration of industry and agriculture and the speedy development of the four modernizations construction program. As early as 1954, the CPC Central Committee said, "City and country markets must support each other. When the supply of non-staple foods is insufficient, non-staple food consumption in small and medium-sized towns should be restricted and supplies should go primarily to large cities and industrial and mining areas. Industrial products in demand both in cities and the country should first be offered to villages to help the purchase of agricultural products." Later, when this was actually put into practice, the spirit of this directive was broadened to become the principle of "the two precedences." More recently the party and the government, in examining the system of commodity exchange, came to appreciate the necessity for large-scale restructuring of the channels and methods of industrial product exchange. A great many new measures were introduced in order to ship industrial goods to the country and develop the buying and selling of every day industrial products in villages. A concrete list of such measures follows:

1) /State policies and measures greatly promoted the movement of goods to the country./

1) The establishment of an exchange system characterized by a wide range of economic components, a wide range of administrative styles, many channels and few links. Comparisons between 1981 and 1978 show that the concentration of industrial products in villages increased four times, while the number of individual commercial bodies increased 34 times. Product exchange methods between town and country, in addition to state-run commerce, included individual selling by the industrial sector, collective village

commerce, production brigade commerce, individual commercial bodies, country fair trade, etc. The direction of product flow and the distance of product exchange were in line with rational economic principles and promoting the linking up of factory and shop as well as direct selection from the factory helped reduce some of the intermediary links in the chain.

ii) The laying down of principles for the distribution of bicycles, sewing machines and similar products in short supply in both the city and the countryside. In June 1981 the state decided that because of the present shortage of supply of such goods as bicycles and sewing machines, and on the basis of maintaining distribution figures for town and country in 1978, annual increases would be distributed as follows: 80 percent to villages and 20 percent to towns. On 7 July of the same year a decision was taken concerning wooden clocks of the "Sanwu" brand and, with the exception of a small proportion to be supplied to the friendship store and the overseas Chinese store, the entire wholesale supply of goods was no longer to go to cities but should be supplied to the countryside. In order to strengthen planned administration and improve supplies to the countryside a further decision was made that bicycles, sewing machines, watches, matches, soap, cooking woks, rice bowls, raw cotton, cleaned cotton, wool yarn, oil, lead wire, nails, sugar, cigarettes of grade C and below and other industrial products of vital importance to country communities should all be shipped entirely to the countryside.

iii) The breakdown of regional blockades. In 1982 a state decision read that within the permissible bounds of state planning and in line with rational economic principles, enterprises, undertakings, work units and sales departments may carry out selective purchasing of all kinds of industrial products with external regions and departments, with no area, department or individual placing any restrictions or obstacles in the way of such activities. This broke up the inter-regional blockades in existence and ensured correct exchange of all industrial commodities domestically produced, under the guidelines of state planning, and as a result considerably enlivened town and country economies.

iv) The banning of "hot" and "cold" supply arrangements and buying and selling of products. In 1980, 1981 and 1982 information was circulated concerning the banning of inflexible arrangements for the buying and selling of products, thereby bringing closer together the relations between commercial wholesale sectors and grass roots supply and marketing cooperatives, and promoting the movement of goods to the countryside.

v) Restructure of the product exchange system. The former system of distribution of labor according to town and countryside was restructured to distribution of labor according to products, and opening up between town and country. At the same time the important role played by the grass roots supply and marketing cooperatives was continued, while joint administration was organized between state-run companies and the grass roots supply and marketing cooperatives and countryside state-run retail shops implemented independent accounting while purchasing and marketing agencies set up by grass roots

supply and marketing cooperatives within production teams and large-scale production teams were reorganized to become self-run shops contracted by the production team.

2) /All regions have amassed a great deal of experience in their work to improve wholesale supply and develop the movement of goods to the countryside./

i) Rational production distribution. In response to all the demands of the peasants, the supply of products in short supply means changing proportions between the town and countryside and, in accordance with the principle of giving priority to the countryside, we must continue to expand the distributional proportion of the countryside.

ii) Support the "three opens" (open supply of goods, open storage, and open planning). Support the "three precedences" (Precedence in selective purchasing, invoicing and dispatching).

iii) Lower wholesale starting points to make things easier for grass roots supply and marketing cooperatives.

iv) Support the liaison system with the countryside. Allocate and deploy industrial personnel to the countryside, divide up work and assign to different groups, develop the "three takes" (take samples, catalogs, and billing procedures) when doing wholesale work in the countryside, give advice to the supply and marketing cooperatives and help them solve administration problems.

v) Different products require different sales techniques and accounting methods. Long term payment can be arranged for products with small sales but large stocks; for seasonal products prepayment and set dated accounting should be used; with unmarketable and overstocked products systematic changes should be made with suitable reductions on fixed prices, commissioned selling and post-sales accounting. Price cuts should be carried out according to policy and the necessary formalities.

vi) Open product supply meetings, sales displays, supply goods exhibitions, product surplus and deficiency adjustment meetings and in this way help supply and marketing cooperatives and other village retail outlets to obtain goods and increase the buying and selling of industrial goods.

vii) Extend wholesale enterprises and manage both wholesale and retail. Wholesale enterprises should extend to the towns and in this way facilitate the finding of goods for grass roots supply and marketing cooperatives and other village retail outlets. Wholesale should be extended to carry out retail tasks, thereby cutting out intermediary links and bringing the village consumers directly in contact with wholesale enterprise product stocks.

viii) On a county level and below there should be a development of various styles of jointly run wholesale and retail outlets. In some counties of Liaoning Province, the experiences of jointly-run town emporiums and supply and marketing cooperatives have shown us that the two main advantages of this system are (1) making more intimate the relations between state-run wholesale

enterprises and supply and marketing cooperatives and thereby helping activating industrial product exchange between town and country, (2) making things more convenient for village supply and marketing cooperatives and other collective and individual outlets to obtain goods, thereby increasing the amount of goods being transported to the countryside.

ix) Set up small product wholesale departments or wholesale markets. The main characteristic of small products is their product variety, making administration burdensome, and prices and profits low. In order to facilitate things for grass roots supply and marketing cooperatives to obtain goods and to come into line with the lively administrative character of village collective or individual trade, the wholesale departments with small products in many regions have independently set up small product wholesale departments or wholesale markets, thereby strengthening small product administration and improving the shipping of small products to the countryside.

x) Wholesale departments go to the countryside and attend fairs and markets to directly promote and sell unmarketable, overstocked and small products. Results of doing this have already proved successful.

3) /Supply of industrial products to the villages has seen great improvements./

In the last few years the importance that the party and the government have attached to transporting industrial products to the countryside as well as the hard work by workers in trade and supply and marketing departments has meant that supplies of industrial products to villages has increased continuously. From 1979 to 1981 the retail value of social products sold in villages totalled 350,000 million yuan making an average annual increase of around 17,000 million yuan. Of this total 80 percent were industrial products, illustrating an average annual increase of 17 yuan in industrial product consumption per village. During the 1960's and the early '70's, insufficient supplies of industrial products to villages meant that many product varieties could only be supplied according to ration tickets, thus even such daily necessities as soap, matches, oil, cigarettes and alcohol had to be distributed according to rations per person. Today, with the exception of a few famous brand names of bicycles and sewing machines where production still fails to meet demand, most industrial products are now freely available. When one compares supplies of bicycles, sewing machines and watches to villages in 1981 and 1971 we can see that supplies of bicycles have increased seven times, sewing machines 9 times and watches 34 times. Thus average consumption in villages for every ten thousand people has also improved, and comparisons between 1971 and 1981 show that whereas before for every ten thousand people 17.2 bicycles were accountable, in 1981 the figure stands at 108. The figures for sewing machines show a rise from 7.21 to 63 machines per thousand people over the same ten year period. Consumption of other common products such as sugar, cigarettes, and alcohol has also improved considerably. These improvements in supplies of industrial products to the countryside not only indicate increases in supply quotas and improvements in quality, they also illustrate the greater convenience of buying things for people living in the countryside. Previously, buying needles, thread, matches and

and other daily necessities often meant a long journey, but today communes have their own supply and sales departments and large work brigades have commission sales outlets, while main streets in villages even have individual retailers. Thus commune members do not have to leave the village, sometimes not even their own communes, in order to buy everyday necessities.

II. In recent years great achievements have been made in bringing industrial goods to the countryside, while improvements have also been seen in the supply of industrial goods in the countryside itself. Nevertheless, it is still not enough to satisfy the demands of the speedy development of agricultural and industrial production as well as the large-scale increases in village and countryside purchasing power. Today production increases in light industry, textiles, etc., are greatly in excess of the sales development of the same industries products; at the same time, purchasing power in both cities and the countryside has not been fully realized and commercial stocks are increasing constantly. If we take 1981 as an example, the total amount of purchasing power throughout the whole country which was not realized stood at 16,700 million yuan, of which 8,500 million yuan was realized purchasing power in the countryside, and with the exception of normal increases in bank savings, there was still a large proportion left over which should have been withdrawn from circulation but which wasn't, with the result that by the end of the year commercial stocks had increased to more than 10,000 million yuan, greatly affecting commercial administrative efficiency and reducing national financial income. Looking at the situation for the first six months of this year, this trend still seems to be developing. During the first five months of this year, industrial product purchasing in the commercial sector had increased by 6.8 percent over the same period last year, but was 11.9 percent lower than the increases in light industrial output value. At county level or below, sales of subsistence products had only increased by 2.7 percent over the same period last year, while sales of subsistence products in grass roots supply and marketing cooperatives—the main channel for managing industrial products in the countryside—had dropped by 2.2 percent over the same period last year.

There are numerous factors which give rise to the above situation and they are extremely complex, but the two most important ones are (a) some products are not marketable. Production of commodities the peasants need is low, so supply cannot meet demand; those products which do not sell quickly on the market see increased production in the factories, (b) the channels for product exchange between the cities and the countryside are still not sufficiently clear and unobstructed. Some products which do not sell well become overstocked thereby influencing the transport of products to the countryside and there are some products which are far overstocked in wholesale and as a result the peasants never get to see them. Furthermore, some commercial administrative units have incorrect administrative ideology or direction with attention being paid to large products and little or none to small products, fear of overstocking but no fear of running out of stock. Such ideological mistakes require an activation of the spirit of product promotion and selling in order to prevent hindrances in the shipping of industrial products to the countryside.

III. Villages and the countryside represent a vast market for industrial products and according to estimates from relevant quarters, the purchasing power for products in villages and the countryside has increased since last year to more than 12,000 million yuan. This is the very basis for expanding the sales of industrial products. If supplies of industrial products fall short, then the purchasing power of the villages and the countryside cannot be realized and is harmful to the improvement of peasants' living standards and the development of agricultural production. If the sales of industrial products do not widen then damage is done to the development of industrial production. Overstocking of products is damaging to attempts to raise commercial and economic achievements and to increasing the national revenue. For these reasons we must work harder towards implementing the state council's "policies for developing methods of product exchange between cities and the countryside and increasing the shipment of industrial products to the countryside." We must turn our minds, our work, our tasks and our administration to commodity division of labor and ways of unifying administration of both the cities and the countryside in order to successfully achieve greater supply of industrial products to the countryside. At present, the most important thing is to tackle the following main areas of work: increasing the production of products suitable for marketing. Seeking all possible solutions to providing peasants with those products in short supply. Making necessary adjustments to those products which are not marketable.

We must continue to restructure the system of commodity exchange and initiate further measures for exchange between town and country. The main drawback to the system of "division of labor according to city and countryside" commodity exchange is that it carves up and divides town and country resulting in bad commodity exchange. There are often contradictions in the distribution of good and bad products, unmarketable and short supply products by state-run commercial companies and grass roots supply and marketing cooperatives. Some supply and marketing cooperatives of industrial products are unable to run management and do not want to either, with the result that state-run commerce is unable to go into the countryside to promote and sell. Only by changing the system of commodity exchange, namely in the area of distribution of labor according to product and by making state-run commercial companies totally responsible for organizing town and country markets can any integration between town and country be achieved. As far as the fifteen products in constant demand in the countryside and a few unmarketable products are concerned, their supply should be distributed down to county level and then the county level should organize distributive supplies of the grass roots supply and marketing cooperatives. Such administrative methods as commission sales and selling in country fairs should be adopted in order to broaden the sales of industrial products in the countryside.

Improve political ideology work and correct administrative ideology and direction. Commercial wholesale sectors must handle things for retail enterprises and must facilitate things for retail enterprises as well; this is of particular importance for the distribution of products in short supply, where distribution must be in accordance with government regulations. Retail enterprises must show understanding for the problems of the wholesale sectors and support their work of the wholesale sector, and the retail sector has a

responsibility to help broaden sales when the wholesale sector finds itself overstocked with products of one kind. Retail enterprises must actively use and develop various styles and ideas to help the transport of industrial products to the countryside, such as large covered trucks, street vendors or "back-pack shops," etc. Countryside salespeople should be given food allowances and overtime pay while those who display marked results should get bonuses.

State-run commercial wholesale companies and grass roots supply and marketing cooperatives should come together more closely and actively to strive for greater movement of products to the countryside and increased sales of industrial products. At present in some regions where there is joint administration between state-run commercial wholesale companies and grass roots supply and marketing cooperatives, new ideas and methods should be tried out and propagated. New methods such as expanding the concept of wholesale and carrying out promotion and sales in the countryside should be supported and developed.

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NATIONAL POLICY AND ISSUES

PRC OFFICIAL ON ENTERPRISE REORGANIZATION

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[Article: "Enterprise Reorganization Requires High Standards and Strict Requirements—Yuan Baohua of State Economic Commission Again Interviewed By Our Staff Reported"]

[Text] In July of this year, the state economic commission organized a symposium in Beijing concerning national enterprise reorganization work. At the symposium, experiences gathered during the previous 6 months from all provinces, towns, autonomous regions and state council departments concerning enterprise reorganization were exchanged and discussed. After the symposium, Comrade Yuan Baohua, vice chairman of the state economic commission and leader of the leading group for the national enterprise reorganization, was interviewed by one of our reporters and gave the following answers to our reporters's questions:

[Question] What is the situation in the development of enterprise reorganization?

[Answer] Since the publication of the party central committee and the state council's "decisions concerning all-round reorganization and consolidation of state-run industrial enterprises" in February of this year, all regions and departments have given serious thought and concern to the work of reorganizing enterprise. Many areas and regions have set up leading groups for enterprise reorganization, groups comprising party and government comrades. In all there are 9,155 enterprises which have been selected as the first batch of enterprises for reorganization. The industrial output value of these enterprises put together represents 55.9 percent of the total industrial output value within the budget, with these enterprises contributing 65.3 percent of the total profits handed over to the state and 58.4 percent of the total enterprise taxes.

During this period, all regions and departments have already set up over 4,000 supervisory groups, which have been selected to remain at grassroots level, representing over 20,000 people in total. These groups have integrated themselves with comrades in enterprise and together play an important role in developing the move to reorganize enterprises.

In general, the first half of this year has been a process of steps such as studying documents, propagating ideology, training backbone leaders, investigative study, drawing up plans and regulations and deciding on "plans of attack." All these represent the initial stage in enterprise reorganization and form a solid foundation for developing the systematic reorganization referred to as the "five work programs."

However, in terms of the whole country, development has not been very balanced and within the first batch of enterprises scheduled for reorganization, there are enormous differences in the extent of concern given to this work and the development and speed with which such work has already been implemented. Many enterprises still have not made any breakthroughs with some of the more difficult and politically decisive reorganization work. Many departments and enterprises are still not strong or energetic enough in their leadership of reorganization work, while some members of the grassroots supervisory groups have still not really accepted their return to the grassroots level and thus have not put into play the effectiveness of these groups vis-a-vis reorganization work. Thus, when we honestly collate our experiences in this stage of work, we must study ways of solving these existing problems and try to develop with more profundity the work of enterprise reorganization. This is the main task facing us today.

[Question] What are your basic experiences in how to direct the work of enterprise reorganization?

[Answer] When one looks at the situation in the previous stage from the point of view of each area, each enterprise and each department, one realizes that correct leadership of reorganization work demands a good grasp of the following few basic key links:

First, one must study earnestly the spirit of the party central committee's "decisions" and come to fully appreciate the significance of all-round reorganization. Those work units lagging behind must concentrate on solving problems of confidence and must overcome fear of difficulties. More developed work units should concentrate on solving problems of complacency. In order to do this, everyone must study the "decisions" so that all cadres as well as the masses may come to understand that this new reorganization move in enterprise is designed to bring out the existing potential in enterprise, raise economic efficiency, encourage a turn for the better in the national economy and speed up the four modernizations construction program. At the same time, investigatory analysis of the present situation within enterprise must also be carried out and activities to encourage "the three contrasts" introduced. Namely, contrasting the demands of the "decisions," contrasting the best level ever attained in one's work unit and contrasting the advanced level or international level of similar enterprises throughout the country, so that discrepancies and differences that will be produced will help improve everyone's consciousness regarding the need for all-round enterprise reorganization.

Second, we must state clearly the starting point and temporary pausing points for enterprise reorganization and in this way help improve economic efficiency. This new move for all-round enterprise reorganization is entirely different

from the repetitive style of the reorganization moves in the past. All enterprises should search for suitable factories for their needs, carry out activities to compare economic results, break through target differences to seek out ideological and work differences and then try to reduce these differences and catch up with or exceed advanced levels and standards and encourage everyone to struggle with all their might to achieve the planned targets of enterprise reorganization.

In terms of concrete methods, we must support the concept of starting from an objective and realistic basis. We must start by solving the main contradictions within our own enterprise. Those enterprises with a fairly good administrative basis should, in general, start by perfecting their systems of economic responsibility. Those with group problems which make a move toward reorganization difficult, should begin by readjusting the structure of their leading bodies and groups. Enterprises with serious wastage problems should, in general, start by combatting such wastage, while those enterprises which have not implemented production task systems should generally begin by improving administration and management, raising product quality and developing increased production savings. Enterprises with slack worker discipline and incorrect attitudes should begin by reorganizing worker discipline. There are also some enterprises which transgress the legal boundaries of economic spheres; here, financial and economic reorganization should be the starting point.

Finally, enterprises will have different needs according to their different regional characteristics and different administrative bases and, hence, will carry out different kinds of directives, within their work. The important thing is to establish correct work methods, to use specific experiences to promote work in general and thereby develop an effective role in enterprise reorganization.

[Question] What are the most important problems to be solved in the present enterprise reorganization work?

[Answer] The main problems to be solved are the following:

1. All enterprises involved in enterprise reorganization at present should reorganize and form good enterprise leadership groups in accordance with the vital and energetic principles and demands of revolutionariness, youthfulness, knowledge and specialization. The number of personnel should be allocated according to regulations and should not exceed these, while the same also applies to age. In particular, there is a need to select people as foremen who live up to the above conditions and who are able to open up new prospects for the enterprise. Those cadres who are reorganized downward must submit themselves to ideological work and must be then allocated appropriately. Those who are infirm and aged and ready for retirement should be allowed to retire in peace. Those who have not reached retirement age and are still strong and able to work should be placed in the second line of work to do organizational and other similar kinds of work within their capabilities. Their previous political and livelihood treatment should not change.

Enterprises should solve problems of division of work related to party politics. In accordance with the principles of collective party leadership, workers' democratic management and foreman administrative command, the enterprise should gradually establish a democratic, collective system of leadership. The enterprise party committee should concentrate most of its energy on implementing party policies and strengthening the development of the party and carrying out political and ideological work. Activities connected with production administration should be organized and directed by the foreman, taking full responsibility and fully implementing the effectiveness of the production command system. There must be active and serious moves to set up workers' congresses and to ensure that workers take part in administrative policy making, production management and administration cadre supervision and various others of their democratic rights. In this way, democratic administration and management really will be implemented.

2. Seriously reorganize and improve the economic responsibility system. By learning from the experiences of others and integrating these experiences with the concrete reality of one's enterprise, there can be a gradual improvement in the system of economic responsibility. At present, the three most important pieces of work to be done are the following: a. Supporting the unification of responsibility, power and benefits, placing responsibility in the front rank and in this way activate the system of economic responsibility level by level throughout the enterprise. b. Correctly handle the beneficial relations between state, enterprise and the individual, supporting the move to place state benefits in front of others. c. Attach importance to groundwork in enterprise administration and management. All bodies with administrative responsibility, from all levels, should actively help the enterprise solve realistic problems and should respect the enterprise's undenied independent powers of administration and management as well as its specified benefits.

3. Reorganize work groups and organize production according to fixed staff quotas and fixed norms. Reorganization of work groups is an important measure in solving present enterprise overstaffing, inefficiency and slack discipline. The experiences of Heilongjiang Province's No 1 construction engineering cooperation tell us whether or not cadres are able to set an example and whether or not they are able to make breakthroughs in this key question of reorganizing work groups. In their all-round enterprise reorganization work, they broke down all obstacles and ensured that their own sons and daughters as well as their relatives all returned to the first line of production. They were not afraid of threats of "connections" and other such repercussions but simply decided not to "open the backdoor." They organized production strictly in accordance with staff quotas and norms and firmly removed surplus workers and organized work methods, including study and well-planned town construction groups. Everyone should learn from their example and propagate such moves.

As for superfluous workers, they may undergo organization for new areas of production and then be allocated appropriately. One good idea is to put these surplus workers to work in areas dealing with welfare services or worker services. Large-scale enterprises and those medium-sized enterprises with the potential to do so, should set up both these kinds of work, while medium and small-scale enterprises can make arrangements with their own administrative departments. These areas of work should economically, carry out independent

accounting, be responsible for their own profits and losses, and have their own system governing management, administration and production.

Personnel training should be carried out and ways of developing workers' mental capabilities should be actively initiated. The quality of work teams should be improved and all talented personnel should be carefully developed and fostered. All these are important tactical tasks for enterprises. Large-scale enterprises should set up their own training centers, while medium and small-scale enterprises should join together to set up such centers or integrate these activities with their administrative departments.

4. Strengthen political and ideological work, and support the principle of ideological leadership.

Revolving around the central aim of raising economic efficiency, we must integrate all the various items of work in enterprise reorganization and aim it at solving the problems of ideology which arise among both workers and cadres. Good ideological educational work will result in preserving a permanent revolutionary spirit and active participation in enterprise reorganization.

[Question] How can we improve even more on the work of enterprise reorganization?

[Answer] First, every region and every department must strengthen its leadership in enterprise reorganization work. The key to success in all-round reorganization of enterprise lies in whether or not the leaders of all levels are able to correctly overcome weak and slack attitudes, whether or not they are afraid of direct confrontations and problems and whether or not they fear coming up against major contradictions. Heilongjiang has again given us some very good experience within this area. The determination of the Heilongjiang Provincial Party Committee was very great and it assigned responsibility to comrades to personally come to grips with the leadership work for enterprise reorganization and developed various leadership groups and made reorganization the "main switch" for all the various other items of work. Once they had come to grips with reorganization, the other items of work automatically fell into place. Every region and every department should place enterprise reorganization at the top of the agenda and organize together the relevant integrated departments and study ways of solving problems within reorganization.

Second, enterprise reorganization must maintain high standards and strict demands. Every province, town, autonomous region and relevant department of the state council should draw up the "sic good" concrete standards for enterprise in accordance with the demands of the central committee's "decisions." In addition, they should also draw up checking requirements for the present five items of work in enterprise reorganization and then, using these, carry out investigations and checks. All enterprises involved in all-round reorganization should integrate their concrete situations and draw up reorganization plans comprising the "three constructions" and the "four goods" and thereby activate all workers and personnel to realize these plans.

Finally, all items of work within enterprise should take reorganization as a focus and thereby bring about an integration between reorganization and other items of work. Reorganization should be integrated with the struggle to combat present-day economic corruption. Reorganization should be intimately integrated with production, with reorganization being a motive force for production and implementation of reorganization becoming a central part of production development. Reorganization should be integrated with readjustment and restructuring. The process of reorganization produces rationalization in production organization within an enterprise as well as rationalization in administration and management. Reorganization should be integrated with technological reforms and should make use of scientific methods of administration and advanced technology to constantly dig up enterprise potential and raise the levels of production technology and administration and management as well as economic efficiency.

Looking at the responses and reactions of various regions, we can see that the content of all-round reorganization is great while the demands are high. When we carry out reorganization, we must avoid haste, stepping beyond limits and allowing standards to drop. We must work thoroughly and strive for efficiency. This year, we must muster all our determination and strength to ensure that the first batch of enterprises succeed in reorganization and through this, produce a relatively large improvement in economic efficiency.

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'JINGJI GUANLI' ON ENTERPRISE REORGANIZATION

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[Article by Tan Liren (6151 4539 0086): "On the Situation of Overall Reorganization of State-Run Industrial Enterprises in Liaoning Province"]

[Text] The all-round reorganization of Liaoning Province's state-run industrial, communications and capital construction system enterprises began in February of this year. The first batch of key provincial and civic enterprises to be reorganized have been through the state of ideological mobilization, outlining plans and choosing points of attack, and have already passed into the stage of systematic reorganization. According to statistics relating to the 91 large- and medium-scale enterprises in the first batch to undergo reorganization, production value has increased 7.5 percent for the first five months of this year compared to the same period last year. Sales revenue has increased 8.7 percent and actual profits 13.2 percent, while profits handed over to the state have increased by 13.5 percent. This situation, in which profits handed over to the state have increased more than actual profits, and sales revenues have increased more than production value, illustrates an initial success in enterprise reorganization.

Below is an outline of the state of progress in five main aspects of enterprise reorganization work in our province.

1. Reorganization and Perfection of the System of Economic Responsibility, Hard Work Towards Raising Economic Efficiency

In the final analysis, the question of whether enterprise reorganization can achieve economic efficiency depends on the implementation of the system of economic responsibility. Last year many enterprises in the province introduced various types of economic responsibility system but only very few enterprises saw much success from their efforts. The main reasons were the so-called "three unsuitables." 1. Unsuitable guiding ideology, which did not look on the new systems as a new path for developing the economy but simply as a way of redistributing profits and bonuses, resulting in endless disputes in enterprises over profit figures and bonus quotas and thus losing sight of the state's duty towards economic responsibility. 2. Unsuitability of various essential administration jobs. The ten years of social chaos resulted in the destruction of the foundations of enterprise administration and

management, and although there have been great improvements during the last two years of restoration and reorganization, many enterprises are still unclear about their responsibilities, drawing up inaccurate estimates, incomplete figures and backward quotas. If this work cannot be improved then there is no hope of sorting out the system of responsibility.

3. Unsuitable level of administration. Sorting out the system of economic responsibility touches on the system of enterprise administration, its methods and their restructuring. It also demands a relatively high level of administration from production through to management. However, at present there is a temporary shortage of technical and specialized personnel within enterprises and thus production quality has dropped and many enterprises have incorrect wage systems, financing procedures and sales management. If this situation is not rectified then nothing can be done about the system of economic responsibility. To correct this situation we tackled the following aspects of work:

1) Earnestly studying the experiences of the Shoudu Iron and Steel Company, training cadres and carefully and clearly promoting guiding ideology concerning the system of economic responsibility. After the study classes set up by the state economic council to study the system of economic responsibility, we organized provincial and civic classes running for 28 weeks and involving party committee secretaries, factory foremen and related scientific personnel. In all we trained 3,245 people from a total of 328 vital and backbone enterprises. The entire province selected 12 enterprises from various regions and industries to be "seedling factories" for study, and continued to study more experiences from different enterprises concerning the reorganization and perfection of the system of economic responsibility. After study, evaluation and assimilation work everybody gained a clearer conception of the significance the content and the purpose of the system of economic responsibility, and guiding ideology began to change for the better while at the same time a large batch of cadres grasped the essential methods of setting right the system of economic responsibility.

2) Getting to grips with the reorganization of groundwork for enterprise administration. The two most important problems to deal with were quotas and standards. Without advanced quotas there can be no appreciable benefits and without strict standards there can be no high quality products.

3) Focusing on the main contradictions in improving economic efficiency, sorting out target breakdowns and implementing comprehensive schemes. Because the concrete situation is different in each enterprise the major contradictions affecting economic efficiency are also different, thus when sorting out target breakdowns and implementing comprehensive schemes, targets must be planned down to the finest detail with uniform responsibilities, strict checking procedures and clear definitions of every worker's duties. In addition all this should be linked up to the final economic benefits obtained so that the position of the most important targets is made more prominent.

4) Implementing different styles of economic responsibility for enterprises with differing characteristics. In our study of the experience of the Shoudu

Iron and Steel Company suitable styles of economic responsibility were chosen according to an enterprise production structure, style of organization, ability to motivate worker enthusiasm and correct handling of the interests of state, enterprises and the individual.

2. Reorganization of Labor Discipline and Labor Organizations

On the basis of the spirit of the central government's published documents, the initial task was to reorganize labor discipline and to carry out all-round coordinated control over labor discipline, work discipline and organization discipline and to earnestly implement the "regulations on rewards and punishments for workers" as well as the "workers handbook." There have been great changes in the mood and direction of the factory and in general discipline due to this work.

On the basis of reorganizing labor discipline some enterprises carried out reorganization work on labor organizations and groups. In the work of reorganizing labor groups in our province the most problematic thing demanding rectification is the question of the "three one millions." There are a million superfluous workers in our province, a million undertakings in confusion and disarray and a million youths in search of employment. If the million surplus personnel are placed in production work then overstaffing problems will merely be aggravated, and this not only disturbs the system of economic responsibility and fails to raise production rates, it also can affect morale and reduce discipline, thereby seriously affecting the contribution of work brigades. The solution to this problem lies in the correct placement and organization of several hundred thousand people. This is difficult work which if it is not carried out well will affect the general situation of stability and unity. Objective trends force us to actively reorganize enterprise workers' disciplines.

Firstly, we must solve the problem of "the three to manies and the three too fews." In general terms an enterprise comprises a great many people but when we dissect the actual situation in an enterprise there are some "too manies" and some "too fews." Thus there are many non-productive workers and few productive workers, there are many people in the third line and few in the first line of production, many administrative cadres and few production workers. During this period of reorganization of labor, discipline and labor groups must act on the principle of increasing first line workers and reducing and simplifying the second and third lines, and promote the idea that good work brings promotion and select those young, strong workers with a high level of consciousness in the second and third lines of production to strengthen and fill in the weak links in the chain. Reorganization of two large minerals departments and detailed ideologic work resulted in entire groups returning to the first line of production with the result that the number of workers in the first line of production rose from 52.1 percent to 63 percent of total personnel figures.

Another important point is the simplification of official structures and the restructuring of administrative systems. Some enterprises have adopted the principles of "simplification and effective counteraction against bureaucracy"

examining and revising enterprise structures and bodies and effectively organizing administrators for labor, and personnel for administration, but stopping short of creating work due to excessive staffing. Superfluous staff either find their way to the first line of production or undergo training for other work while others retain their status as workers and go to work in service companies. After staff reductions and administration simplification, administrative efficiency rose, production and artistic work became more closely linked and general overstaffing and arguments between staff were partially solved.

Thirdly, we should develop supervision, comparison and quotas. Supervision includes supervision of staff members in different ranks, supervision of work time, supervision of equipment operation ratios and supervision of work efficiency. Comparisons include comparisons of official standards, comparisons of the most advanced levels of an enterprise since it began and comparisons with advanced levels of undertakings. In the light of all this, quotas on both personnel and finances should be drawn up.

Thus we can see that the following few problems need to be resolved:

- 1) Leading cadres of an enterprise must be determined to rectify ideology. There are many problems within enterprises' labor groups that have not been solved for a long time now and this task now rests with the enterprise leaders. One problem is correction of understanding; for many years people have been accustomed to running things using a great many people, ignoring work efficiency. Another is selfishness and fear of offending people; among the many personnel with nothing to do there are some who are sons and daughters of cadres and no one wants to be the first to be laid off. If these questions are not solved then reorganization of labor groups is still a long way off.
- 2) Personnel and financial quotas should be drawn up with the support of the masses while stress is laid on allowing full expression to be given to the role of experts and technicians. We must follow the mass line, listening to the opinions of those at the grass roots level. At the same time we must organize experts and technicians into a driving work force. We must adopt such methods as statistical sampling, technical determination, etc., before we can confidently draw up any definite financial or personnel quotas.
- 3) Satisfactorily relocate surplus workers and personnel. One possibility is collective retaining and another is placement of workers in weak links to strengthen the front line of production. A third possibility is to open brand new production or service paths and a fourth is to establish labor and livelihood service companies. Such work can move from simple to more complex handling.
- 4) Solve the very real policy problems related to reorganization of labor groups. Reorganization of labor groups is a program of work which demands extremely powerful policies, and many problems connected with it touch on areas such as workers' personal benefits. Thus there is a need for detailed study of this situation so that problems related to these policies may be promptly solved. For example, in the treatment of retired mine workers,

according to former regulations retirement funds were paid in accordance with the position held before retirement. This resulted in many mine workers who were nearing retirement age not wanting to be transferred to working above ground despite the fact they were weak and unable to carry out their duties on the coal face.

Coal face and above ground mine workers have pay differences of up to 20 yuan, directly effecting these workers' retirement pay. Recently, the mining department has agreed that workers who are moved to work above ground may receive retirement pay linked to their wages while working at the coal face, thereby solving this contradiction. All such problems as these require a great deal of study and development of moves to reorganize labor groups and organizations.

5) Relevant social departments should support enterprise reorganization of labor organizations or groups. There are many social reasons for the great increase in nonproductive workers in enterprise in recent years. For example, the upper echelons of administration would often decide that whatever organizations and structures existed at the higher levels should also be created within the enterprise itself. Many social activities require the participation of enterprise workers, so that population censuses, sports and recreational activities, and so on, all require help from those in enterprises; some are borrowed for long periods of time some for short periods of time. Thus some enterprises find themselves with 18 percent of their total work force and for this reason it is vital to have unified planning and arrangement as well as the support of relevant government and social departments in order to achieve successful reorganization of work groups and organizations in enterprise.

3. Reorganization of Financial Discipline and Strengthening of Enterprise Finance Work

Reorganization of financial discipline in enterprises began last year in accordance with the directives of the state council which asked for the organization of enterprises to carry out self supervision, mutual supervision and all-round investigation. These moves have already shown considerable success.

1) The return of a large proportion of formerly lost state revenue, which has helped to balance the state budget. Up until the end of June of this year the total amount of violations of financial discipline amounted to around 280 million yuan, with 82,010,000 yuan already having been returned to the coffers.

2) A large number of problems relating to financial administration and financial discipline have been exposed and this has helped in reorganizing finances as well as strengthening the provision of important material by financial administrators.

3) A clarification and tightening of financial and economic discipline and the implementation of education in respecting discipline and abiding by the

law. Reorganization of financial discipline has exposed some unfavorable tendencies in enterprise and thus has provided a few threads to help us combat economic corruption and lawbreaking.

These several problems exposed by our investigations illustrate that financial administration in enterprises are in chaos while financial discipline is very slack and that economic corruption and crimes of various sorts are fairly serious and widespread. In order to correct these problems that have emerged on the financial side of enterprises we must draw up standards for our work of reorganizing enterprise financing based on our experiences, and ask enterprises to establish vital groundwork in economic accounting, and improve all-round accounting systems and administration systems of materials and funds. Furthermore they should improve the finance bodies and replace ineffective workers in accounting and finance departments. Today this work is in the process of being implemented.

4. Reorganize and Construct Leader Groups and Gradually Improve Leadership Systems Throughout Enterprises

Since the smashing of the gang of four, we have consistently made reorganization of leadership groups a key and reorganization and readjustments have been made many times on political, ideological and organizational levels. Now, in the spirit of the central government's demands, we are carrying out investigations and fact-finding missions for our reorganization work of the first batch of 91 enterprises in the province. At present there are a total of 1,052 members of enterprise leadership groups with an average of 11.6 people in each group of an average age of 52.5, with 296 people over the age of 56, making up 28.1 percent of the total number of people in leadership groups. Only 32 of the total numbers are below the age of 45, a mere 3 percent of the total, while 279 people (or 26.5 percent) have attained university or specialized educational levels. In all there are 301 technical personnel, making up 23.6 percent, while another 61 people are permanently ill and cannot work anymore. Such leadership groups as these are too big and the average age is too high while the percentage of expert and technical personnel is too low, illustrating the fact that reorganization of leadership groups in our province's enterprises is still a task of the utmost importance. This job of reorganizing the leadership groups should not only seek to solve problems of personnel structure and quality but should also try and implement the three regulations and should try and find fundamental solutions to problems of enterprise leadership systems. Thus we have decided to work in accordance with the demands for group numbers and quality as defined by the central government, to support regulations and standards and stay on the right road.

We should primarily use the unified ideology of the central government to teach cadres to fully understand the seriousness of the situation involving leadership groups in enterprises with a preponderance towards old age; in this way cadres may more fully appreciate the urgency of the matter and raise their consciousness. Guiding ideology should take care to tackle policies and support official regulations as well as increasing the number of younger members in leadership groups. This should not be tackled lightly, but an effort should be made to rid leadership groups of their characteristic geriatric

nature. Solving these problems in leadership groups must be in line with the demands of the four modernizations, and the use of opinion polls, ratings, evaluation sessions, and so on, have proved very successful in many regions in ensuring the quality of reorganization work. Today 43 leadership groups have been reorganized and readjusted, representing 47.4 percent of the total enterprise leadership groups in the first batch of enterprises to be reorganized. Already 24 enterprises have selected their leadership groups and are having them ratified, representing 26.3 percent of all enterprises involved in reorganization. Another 24 enterprises are now undergoing the process of reorganization, representing a further 26.3 percent. Looking at the situation in the 43 enterprises which have already completed leadership group reorganization, there can be said to have been initial changes in the previous tendency towards aging, non-skilled membership of such bodies. After readjustment the average number of people per leadership group was 7.5, a reduction of 3.9 over the average for previous leadership groups. Average age stood at 49.3 showing a drop of 3.3 years of age while a total of 139 people had received university or specialized education, representing 43.2 percent of the total, a 14.6 percent rise over previous figures. The number of people in leadership groups in specialist or technical positions stood at 124, representing 38.5 percent of the total and showing a rise of 7.6 percent over figures before readjustment. In total, in these 43 enterprise leadership groups which underwent reorganization, 215 people were removed and relocated. Of these, 97 were elderly and physically weak members of the leadership groups, while 44 were those with poor work capacity and problems in carrying out their work tasks, 3 displayed poor mental attitudes towards their work and another 3 had had trouble integrating over a long period of time. A further two displayed problems related to the cultural revolution while another 2 displayed economic problems. There were 64 who were displaced out of the groups or relocated in other areas of work. After this reorganization and readjustment, work regulations in the enterprises began to get onto the right tracks and under the collective leadership of the party committee, the factory foremen's systems of administrative command began to grow and strengthen and overstaffing became less of a problem while the general appearance of the enterprise itself also saw significant changes.

In our reorganization of enterprise leadership groups we tackled four key points:

- 1) Seeking truth from facts and appreciating the different circumstances of different enterprises, we carried out organization of the cadres. In this work we came up against three problems: a) The complete removal from the front line of some factory foremen aged over 55, who were still healthy and displayed sound ideology and leadership organizational abilities as well as having extensive experience in administering modernized enterprises would undoubtedly damage development and work in the enterprise. In our belief in starting from objective reality we decided with the approval of upper level administrative cadres, to preserve the duties of such people or transfer them into positions such as party committee secretary so that they could pass on their experiences and knowledge to younger people. b) The problem of dismissal or non-dismissal of cadres with technical expertise. We agreed that of those with equal ideological integrity and specialist skills, in order to preserve a steady ratio within leadership groups of such technical talent,

those younger cadres with technical skills under the age of 50 or so should keep their position but move into areas of research and carry out further studies so that later, with more intimate and specialist knowledge they could return to the front line. c) The problem of retiring cadres before retirement age who display low levels of performance and are not too healthy, but can nevertheless carry out a certain amount of work. According to varying situations some maintained their position but were transferred to the second line as researchers and others were transferred to the grassroots level for training while others were relocated in different areas of work.

2) Carrying out successful retirement of older cadres to the second and third lines of production and successfully working on the ideological and livelihood implications of such work.

3) - Actively select top quality middle aged and young cadres to join the leadership groups in enterprises. In order to solve the problem of replacing old cadres with younger people and to ensure stability over a long period of time, thereby fitting the demands of the four modernizations construction program, we decided to boldly replace elderly cadres with outstanding middle aged and young cadres and insisted that each enterprise include at least 1 or 2 middle aged or young cadres in their newly reorganized enterprise leadership groups.

3) Select with care enterprise secretaries and foremen. Selection and choice of factory foremen is closely related to whether or not the "three regulations" can be successfully implemented in enterprises as key factors in successful reorganization. We stressed that those comrades selected to be factory foremen must illustrate healthy ideology, courage and understanding, wisdom and resolution and an ability to understand technology and organize administration and management.

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[Article by Chen Jianfei [7115 0494 7378]: "Overall Enterprise Reorganization Should Be Handled Solidly--[word indistinct] the Situation of Enterprise Reorganization in Heilongjiang"]

[Text] At the beginning of this year, following the spirit of the first secretarial symposium of the autonomous region's towns and cities party committees organized by the central authorities and the spirit of the CPC Central Committee and the State Council's "decision concerning the overall reorganization of state-run enterprises," the Heilongjiang Provincial CPC Committee pointed out, in view of the province's present situation, what the basic directives, ideology and aims of this year's provincial work would be namely: To bring together two cultures; achieve specific economic development speed and relatively good economic efficiency; and politically, to strive to achieve the party's direction, social mood and public peace and order [words indistinct] "key" to every item of work and asked that everyone throughout the province make efforts to carry out reorganization work. Party consolidation must be made the nucleus and industrial enterprises the focal point, while reorganization should seek to harness and synthesize looking at both specifics and generalizations and working in batches and in stages.

With respect to [words indistinct] this new move to reorganize should aim at "the four integrations": 1) Mutual integration of industrial enterprise reorganization, and reorganization of individual undertakings and industries. Of the first group of 904 enterprises throughout the province undergoing trial reorganization, medium-sized industrial enterprises represent 18.6 percent, with enterprises such as finance and trade, forestry, education, science, legal, local and others representing 81.4 percent. 2) The mutual integration of grassroots reorganization, and the reorganization of leading bodies. At present trial reorganizations are being conducted in the leading bodies of over 21 of the province's counties. In the first half of the year the provincial committee initiated six pilot schemes involving offices and bureaus. 3) The mutual integration of specific overall reorganization, synthesis and [word indistinct] together with generalized individual reorganization and gradual control. 4) Mutual integration of enterprise reorganization (including official bodies) with party consolidation, making party consolidation the nucleus and thereby involving all kinds of enterprise reorganization work. The "four integrations" have mobilized the masses and encouraged inspiration and enthusiasm everywhere and have initiated the creation of a phase of overall reorganization, synthesis and control throughout the whole province.

Reorganization of industrial enterprises is the focal point of all reorganization work throughout the province. In the last 5 months this work has developed with relative speed, thereby moving closer to several achievements: 1) Unification of ideology; improving understanding of the significance of carrying out overall enterprise reorganization; 2) clearing up several economic criminal cases and smashing serious economic corruption; 3) developing party consolidation, promoting the party line and changes in the mood in factories and in society in general; 4) the restructuring of enterprises' internal systems of administration, particularly in terms of reorganizing leadership groups in enterprises, reorganizing personnel quotas, establishing two companies, one center, and so forth. There have been breakthroughs in these areas which have resulted in a deepening of the work of enterprise reorganizations; and 5) promoting the development of industrial production and obvious improvements in economic efficiency. In the first half of the year profit increases throughout the province were greater than increases in production value, and increases in profits handed over to the state were greater than increases in actual profits made.

Following are the main methods adopted for this work in the province as well as the most important points that we have learned from carrying out the work:

1. Mutual Integration of Enterprise Reorganization and Party Consolidation and Placing of Party Consolidation in the Leading Position

In order to complete the overall reorganization of enterprises, the tasks of synthesis and control, and complete the "three construction programs" to attain the "six good demands," there must be good reorganization and construction of fundamental party organizations. Thus, the provincial committee decided that enterprise reorganization demanded integration with party consolidation, taking the latter as the nucleus. Thus, the basis for overall enterprise reorganization is also the basis for party consolidation. This is because 1) when one looks at the situation of party member brigades, the present proportion of party members who form part of the cadre brigades or work brigades is rather large, with a large proportion of party members representing backbone or leadership positions. However, on the basis of investigations of some enterprises and work units, unqualified party members represent around 15 percent of the total number of party members. If this problem of the quality of party members is not solved, then party members cannot [words indistinct] pioneering roles, thus making it [word indistinct] to construct a team of workers both specialized and with communist ideals. 2) In terms on party line, many problems within enterprises are a mixture of both party internal and party external problems and are also often a result of party internal problems affecting the external and the above deciding below. Investigations show that incorrect social attitudes often originate from party members, especially party leadership members and others and are the result of party cadres being fearful of tackling their leadership responsibilities and being fearful of carrying out administration, resulting in a spreading of such attitudes.

If problems of party line are not solved, then factory and social attitude problems likewise cannot be solved, which in consequence means that the "three decisive turns for the better" also cannot be achieved. 3) Consolidation of

the party body must be integrated with reorganization of enterprise and cannot be carried out independently. Since internal party problems not only touch on ideology and politics but also administration and management, only by revealing the problems in enterprises, looking into the party from the outside, and looking at the leadership from the grassroots can problems be seen more clearly and solved more thoroughly. 4) In terms of enterprise party committees, their position and effectiveness, reorganization of enterprises should be carried out under the command of enterprise party committees. If leadership bodies within enterprise party committees are not properly reorganized and consolidated and their own individual problems not solved, then the party committees are powerless to take the initiative and command in reorganizing enterprises and cannot hope to organize party cadres. Thus, with party members still erring, there is no way to fundamentally solve problems within enterprises. 5) The masses--the masses urgently demand solutions to internal party problems. They say: "Reorganizing this or that is not as important as giving priority to consolidating the party itself. With the party well organized, other problems will be easy to solve."

How can enterprise reorganization be integrated with party consolidation? In general terms, all areas refer to such integration as structural integration, first, in terms of leadership organizations in which one group exercises collective and unified command over party consolidation and enterprise reorganization. All levels of party committees and reorganization offices tackle both the world of party consolidation as well as the work of enterprise reorganization, thereby preserving one battle line. Second, through concrete organization of work, in which party consolidation and enterprise reorganization are not mechanically divided into two separate stages but are interwoven and molded into one. In concrete terms, "four unifications" are aimed at: Unified planning, unified deployment, unified investigative command and unified experience evaluation. Third, by taking care to fulfill the centrally commanding role of party organizations as well as the exemplary roles of party members. When it comes to solving problems, internal problems relating to party leadership organizations must be solved first; internal party problems should always take precedence over external party problems.

During this move to consolidate the party we should stress the importance of making ideological education an important key link. Organization reorganization should be carried out on the basis of efficiently handling ideological reorganization. When dealing with these organizations or bodies, two main measures should be implemented: 1) Correct handling; helping to bring about corrections within limited time periods; and 2) carrying out overall registration. Both these measures may be used in specific enterprise cases, but any work unit which implements party member registration must do so under the premise of ensuring quality and attaining standards. Investigations have suggested that vouching for quality can only be carried out after ratification from upper party levels and that furthermore, party member registration should not be implemented in general overall enterprise situations.

2. Carrying Out Constructive Reorganization Demands Support of Restructuring and Facing Up to Difficulties

This new move to reorganize industrial enterprises may be seen as constructive reorganization. From the very moment we began our reorganization work we

repeatedly underlined that it was vital for enterprises, especially the first group to undergo trial runs, to make use of past, collated experiences and training to support restructuring, face up to rebuilding and handling some large problems that have existed for a long time in some enterprises, not shy away from problems, attempt to solve all difficulties and not return to former contradictions. We encountered the following four major problems:

1. Reorganization and construction of leading bodies in accordance with the demands of the four modernizations. Reorganizing enterprise leading bodies is the key to reorganizing enterprises in general and consolidating the party. It is also a major problem of longstanding. Most people feel that in reorganizing leading bodies in enterprises there are two difficulties and two fears. Of the two difficulties, one is the problem of retiring older cadres, especially those who have not yet reached retirement age but who are weak or ill; the second is the binds of old traditional tendencies which make promotion of new, younger cadres difficult. Of the two [word indistinct] one is fear of [word indistinct] damage as a result of trial runs on reorganization; the other is that groups might not be open minded about workload reductions. The Harbin ball bearings factory originally had 13 people comprising the leading groups, with an average age of 55; only 3 had university or other specialized education. This situation was far from the newly laid demands required in party work. Thus, with the help of grassroots groups, they reorganized and reconstructed the leading groups and managed to find a satisfactory solution to the problem of retiring cadres and bringing in new, younger ones. First, they seriously tackled ideological work with the old cadres so that the cadres were no longer burdened and were happy to step back to the second line. Initially, many of the older cadres who had been in the groups felt that the original groups were very good and needed no readjustment, others felt it was too soon to restructure leading groups, and still others felt that stepping back to the second line meant they would suffer, their income would drop, their status would decline and they would lose face. With these sentiments in mind, while confirming the enormous contributions that these older cadres had made to the constructive development of the factory, they also managed to liberate these older cadres from reservations they had about retiring through repeated study work and individual discussions. The voluntary application to retire into an advisory backseat position by the former deputy foreman and chief engineer of the factory fully illustrated that retirement to the backseat does not mean that a person cannot continue to make great contributions to technological developments in the factory.

As a result, eight older cadres who were originally in the leadership groups decided to retire to the second line. Second, they adopted the method of integrating democratic recommendations and approvals from higher administrative levels and selected four cadres for the level of deputy foreman. Of these four, one had experience in political work and was in the prime of his life and was made deputy secretary to the party committee, the other three worked as deputy foremen. After the reorganization of the leading bodies, the total number was reduced from 13 to 9 (party committee secretary, deputy secretary, factory foreman, five deputy foremen, chief accountant, workers' congress chairman). The average age of the cadres dropped from 55 to 49, while the number of cadres who had received university or other specialized training increased from 3 to 4, representing 44 percent of the total group.

2. Reorganizing labor groups and organizing production according to personnel quotas and targets. Backward labor quotas and low labor productivity are the most imposing problems in our provinces enterprises at the moment. Although everyone would like to solve these questions during this move to reorganize, it is also true that most people prefer to try and avoid it because of its complexity. According to the responses of some enterprises, the three most taxing problems are the following: First, "connections" demanding they be arranged favorably; the second problem touches on the upper echelons and leading groups; and the third is connected to the leadership in individual work units. In order to remove this barrier to constructive reorganization, we put together the experiences of a provincial wide company set up to reorganize labor groups. This company began in 1980 and since then has solved many problems, such as serious personnel shortages in the frontline as well as over-staffing in the second and third lines and serious dislocations in the proportional structure of work teams. While carrying out reorganization work they courageously succeeded in tackling and destroying this "hornet's nest" that no one had dared handle for years. Their main practical measures were: 1) To place the sons and daughters and relatives of every level of cadre and leader into the frontline of production. This solved all problems of string pulling, stirring up trouble and complaints to higher authorities. 2) To firmly refuse to "open the backdoor," firmly stand up against any intercedence from cadres at any levels, as well as threats of connections and repercussions, and so on. In this way all work was carried out according to the book and everyone was treated equally without discrimination. 3) To lay down "10 regulations concerning the reorganization of labor groups" and "several regulations concerning continued reorganization of labor groups. These were then presented to the masses for discussion, supervision and implementation. 4) To lay down policies to encourage everyone to join the frontline of production, setting out the six major types of work in the frontline of production and providing preferential housing, welfare, and so forth in accordance with these. In the 2 years since then, the company has had 1,900 workers begin apprenticeships for these major jobs and now the proportion of workers on the frontline of production has risen from 51.1 percent to 65 percent. In the first half of this year the total amount of work completed by the company increased by 25.9 percent over the same period last year, while overall worker production rates have risen to 20.7 percent and actual profits have increased 34 percent.

3. Restructuring of the internal enterprise system of administration. At present, there are serious problems of organization within state-run enterprises with collective systems of internal operation. Added to this are the independently run youth factories, independently run schools, hospitals, shops, and so forth, which together have produced enterprises similar to complete mini societies in themselves. The leaders attempts to organize the economy and education, as well as the workers lives, including problems of old age, illnesses and death has produced serious dissipation in the energies of energies of enterprise leaders. Everyone should try and solve this problem by making use of the enterprises' independent powers. The main way to clear up these problems is to run trial tests on integrating reorganization and restructuring in some enterprises; courageously restructure enterprises' internal systems of administration; establish service companies to handle labor and livelihood; open two centers--one for educational training, the other for technology

developmental training--and in this way gradually move toward achieving the "four divisions": 1) Division of the economy run and organized by the people and economy collectively run and organized. Collectively owned enterprises organize independent administration, taking responsibility for all gains and losses, thereby changing the past phenomena of collective "nibbling" at the whole people; 2) division of production and livelihood, thereby strengthening leadership of production and leadership of livelihood; 3) division of economic revenue and the factory. Activate the enthusiasm of all levels and all departments to organize finances, strengthen administration and management; and 4) division of educational training and production rank. Encourage everyone to undergo further training and technological courses and improve problems of overstaffing.

4. Reorganization of labor discipline and aid to young workers lagging behind. The last few years have seen great changes in the structure of work teams. Today, the proportion of young workers in enterprises is about 50 percent and in some cases as high as 60 or 70 percent. In most cases these young workers perform very well, but there is a small proportion of young workers who, having grown up during the chaos of the cultural revolution, did not receive traditional party education. In addition to this, many suffered from the rotten influence of bourgeois ideology after the initiation of open-door policies and as a result some of them were left unable to distinguish between good and bad, while a few even turned to crime. A few work units which have analyzed these young people and their actions have come up with the "three excesses" and the "three lacks." The "three excesses" are excessive temper, excessive nerve and excessive drinking and the "three lacks" are lack of culture, lack of technological skill and lack of ideals. Those enterprises which have bad worker discipline usually have been influenced by such young workers. It is indeed a hard task to try and help these youths change for the better. During the last few years, enterprises involved in reorganization have introduced stricter discipline to try and get the work forces to understand the importance of a good attitude and there has been some reduction in incidences of gambling and fighting, but there has not been any fundamental solution of the problem. In this new constructive move for reorganization, the province's regions and enterprises set out with the task of improving the political, cultural, technological and other qualities of the work teams. Emphasis was placed on helping those young workers who were lagging behind, and results were very promising. The town of Mudanjiang involved every part of the town party committee and enterprise structure so that every town leader became involved in the work of educating young people, in the way, activities for young people who had gone astray began to increase and spread throughout the town and area. Mudanjiang Textile Factory organs led remedial teaching and education which involved a total of 438 people. Their methods involved production help, political concern and consideration for workers' livelihood. In this way, the straying young workers began to have a sense of belonging and a resurrection of their confidence. The "four integrations" were implemented through discussions, family visits and supervision by family leaders, relatives, public security cadres, and so forth and in this way there was always a helping hand at the factory and someone to keep an eye on them at home. Gradually these youngsters became involved in more collective activities such as cultural activities, study and youth supervision. Today, of the previous 158 young workers who displayed negative tendencies, 141 have shown immeasurable improvements. Such improvements have already positively affected worker discipline in the factory.

3. Integration of Specifics and Generalizations--Grasping General Enterprise Reorganization

While grasping specific trial runs of enterprise reorganization, we should also tackle general, overall reorganization.

First, during initial reorganization many regions and many cadres took specifics too seriously and disregarded generalizations, the result being that the reorganization work was not really able to get off the ground. In order to asange this we demanded that our party committee members of all levels grasp both specifics and generalizations, thus, there is a need not only for grassroots supervisory organizations but also all-round and over-all supervisory organization. In terms of work organization and placements, overall reorganization must adhere to certain basic standards and carry out duties strictly in accordance with central party regulations so that there is planning, placement and supervision. In order to propagate such generalized reorganization, we should take note of the experiences of integration of specifics and generalizations made by the Qiqihuer Town Planning Committee. While grasping three enterprises involved in reorganization trial runs, they also selected 69 backbone leaders to study generalized reorganization work. This setup thus laid down each demand of individual reorganization programs for every enterprise and office and in this way each one was implemented one after the other. Thus, while trial run reorganizations were developing nicely, reorganization work was also coming along very satisfactorily in 30 other enterprises. Second, different regions demand different leadership. In terms of the content of reorganization, it is possible to draw up three different types of leadership for the different situations in different enterprises and their administration. Those enterprises which have already completed restorative reorganization should start constructive reorganization with their collective power. Those enterprises which have not yet completed restorative reorganization should, throughout their systems of economic responsibility, first improve all administrative systems within the enterprise and then implement administration referred to as the "three all-rounds." Regional enterprises with a weak administrative basis should involve themselves in strengthening all-round work and improving their systems of economic responsibility, making reorganization of the enterprise administration a major aim. In terms of reorganization style, one category demands independent reorganization or liaison officers from central departments or direction by all-round supervisory guidance groups. The second type, with a solid administrative foundation and strong leader groups should, on the basis of their specific needs, rely on their strength to carry out all-round reorganization. This style we call "self-taught development." In order to activate enthusiasm for generalized over-all reorganization of enterprises and encourage such "self-taught development," we developed the scheme known as "the six good enterprises" as soon as reorganization work began; thus, enterprises involved in specific or generalized reorganization aimed at the standards set up by the "six good enterprises."

Third, call on the masses to develop a solid mood for reorganization. In order to activate the adult members of the masses and make them actively participate in enterprise reorganization, many regions developed lively activation programs. Mudanjiang organized townwide activities such as investigations (for fighting wastage), competitions, accounting, and so forth. Thus, starting with investigations of wastage, and so forth, and taking advanced standards as a yardstick

and itemized accounting as their main means, they made detailed examinations of enterprises administrative activities and then collated the results. The implementation of these measures in the town resulted in enterprises seeking out the major contradictions in their enterprises which were influencing economic efficiency and in this way they were able to decide on the important areas of reorganization for their enterprises, and as a result, collectively develop reorganization work. In the town of Shuangyashan, the demands of reorganizing enterprises was analysed into 21 items and 92 terms and thus, in the spirit of competition, the town developed the target of "the six good enterprises" so that enterprises could involve themselves in reorganization, making improvements in the system of economic responsibility the focus. In this way, enterprise reorganization was integrated with the spirit of "helping and in turn surpassing each other."

4. Implementing Reorganization From Top to Bottom as Well as Reorganization of Enterprise Administration Departments and Restructure Trial Runs

In order to achieve the spirit of the State Council and its structure, and in order to mutually integrate basic reorganization with the reorganization of structural bodies, as well as learn about structural reorganization, we decided to carry out reorganization in six offices in the province; to change trial runs, including cutting down on organizations and cutting down on personnel. It was unanimously decided to take the provincial machinery department and chemicals department as two test offices. It only took 2 months to sort out the provincial machinery department. After reorganization and restructuring, the number of department leaders was reduced from 10 to 5, with the average age of 58.7 dropping to 52.3, while more than two-thirds had university or specialized training, whereas before more than two-thirds had only reached middle school level. Office members were reduced from 13 to 11, while middle level cadres were reduced from 82 to 59. The reorganization and readjustment work also has been completed for the provincial chemical department; restructuring and reductions now are being carried out in middle level organizations of the department. Three main issues were handled during the reorganization and restructuring of these departments:

1) The leading role of the department's party organizations was fully realized. When the trial schemes began, some comrades were full of misgivings and feared that the reorganization would destroy the department's organizational setup. In addition, they felt that reorganization this year would lead to even more next year, and that such reorganizations would result in financial losses. In order to improve the comrades appreciation of reorganization, we set up separate ideology committees for party organization members of both departments through which we were able to explain the importance of reorganization and show how it would incorporate the unified control of each department's party organizations. Thus, we were able to obtain the warm acceptance of the relevant cadres of each department.

2) The leading role of older cadres was realized. When reorganization and readjustments began with the party organization leading groups in the machinery department, some cadres displayed erroneous thinking. For example, should old and weak cadres retire? What attitude should be taken toward retirement? What

happens after retirement? Some cadres did not have a correct attitude. In order to correct this, leaders of the provincial party committee invited the leaders of the department's party organizations to take part in ideological meetings. After study and discussion and a great deal of ideological work, a unity of ideology was achieved. One special case was the secretary general of department's party organization who, on his own initiative, chose to retire, thereby taking the lead. Furthermore, he chose to continue to work in educating other older cadres and helped 28 people make breakthroughs in their ideology problems. With key cadres taking the lead, implementation of readjustments within leading groups became very smooth and easy.

3) Methods of integration for reorganization and restructuring of organizational bodies were thoroughly implemented. In the provincial machinery department, two deputy department leaders took the lead in joining grassroots supervisory organizations and thus, on the one hand, they helped implement reorganization by voicing the opinions of enterprises and, on the other hand, they studied the work of restructuring the departments' organizations by passing on and carrying out every item of reorganizational work, listening to the opinions of every enterprise worker and ensuring that reorganization of enterprises and the departments developed side by side. For example, in order to ensure that enterprises moved from a simple production style to production administration style, these cadres set up an administration and management office as part of their work in restructuring the department's organizations. Furthermore, they changed the supply and marketing department into a sales service company and established a feedback network system for product sales information. The next step for both departments was to implement systematic party consolidation and to continue to restructure department organizations. Thus, personnel in the planning sectors were reduced by 40 percent while restructuring continued in the system of administration with three separate companies handling tools, and electrical and measuring instruments being incorporated into one company. These trial runs illustrate that reorganization of such department organizations should be carried out in the line with enterprise restructuring and reorganization.

5. Strengthen Leadership and Come to Grips With Enterprise Reorganization

The "main key" for every work program is all-round enterprise reorganization and synthesized control. The provincial party committee grasped this "main key" of reorganization, which was thus induced and promoted all work programs. In order to achieve this, a series of organizational measures were implemented:

1) Reorganization leadership groups [word indistinct] set up, beginning with the provincial CPC Committee. The provincial party committee set up leadership groups for reorganization work throughout the province, with the provincial party secretary acting as organization head, with several organizational work offices under him. Thus, the province set up other reorganization work leadership groups. This example was followed by every town, county and area. Thus, the province set up other reorganization work leadership groups. This example was followed by every town, county and area. Thus, the reorganization work of the entire province came under unified control and leadership with separate groups in charge of regional reorganization. In this way, with the leadership

groups as the "main key," many minor disagreements and other lower level problems were solved or avoided completely. Our experiences have taught us that synthesizing control is a difficult battle.

2) Real and concrete leadership was deepened and strengthened. During reorganization, our members of the standing committee all established their own points of linkage in helping enterprises study and solve some difficult problems. First secretary of the provincial party committee Comrade Yang Yichen became the link for the main department store in Songhuajiang. He involved himself three times: In actual work behind the counter in the shop, in studying the shop's administrative department and in listening to reports. He, himself, helped the shop carry out personnel reorganization, held political classes for the workers and urged the shop leaders to take the initiative in improving disorderliness, attitudes and shortages, improving quality, and so forth, so that it could become a display window for the true spirit of socialism. Today, after 5 months of reorganization and control, the workers' attitudes and the general appearance of the shop, together with service attitudes and service quality, have all greatly improved.

3) The standards set up for trail runs must be supported and their quality ensured. In order to ensure the quality and success of trail run reorganization programs, we had to strictly control numbers and assignments. Thus, each provincial department tackled one point, each region tackled two or three, and each county one or two. Each grassroots supervisory group was headed by a leading cadre and supported by several experts in various fields. Supervisory groups were given a week to organize training before being deployed. In the last 10 days of April, report meeting for the grassroots supervisory committees were held. As pilot schemes intensified, we applied the experiences of the grassroots supervisory groups from the Harbin Ball Bearing Factory, namely "learn a point, give better advice, help a little, make things progress a little faster." Thus, we demanded that all levels of grassroots supervisory groups establish themselves firmly, get into close contact with the enterprises, and provide a great deal of help. Thus, the supervisory groups should have a good liaison with the enterprises party committee and simply run things by themselves without consultation. They should free themselves from the actual work process in the enterprises and devote themselves wholeheartedly to organizing the pilot schemes. Furthermore, they should use all their sparetime to study the enterprises situations so that they might come up with solutions to various difficult problems. Furthermore, the provincial committee demanded that the grassroots supervisory groups continuously help the enterprises to carry out and complete reorganization work as well as the task of synthesizing control.

Although there has been progress in the reorganization of industrial enterprises in our province, development has not been balanced. Only about 30 percent of the enterprises have really managed to grasp major contradictions and make real breakthroughs in reorganization. Those which have seen moderate success make up 50 percent, while those with little or no change account for 20 percent. These figures refer to those enterprises involved in specific reorganization, the percentages for enterprises carrying out generalized reorganization are not as good. Thus, we can see that reorganization of our province's industrial

enterprises has only just begun and some restructive reorganization is only now beginning. Some enterprises still do not appreciate the importance of integrating party consolidation with enterprise reorganization, or, if they do, they have not integrated sufficiently. Some regions have not grasped well enough the general reorganization and have set for themselves standards which are too low. Hence, the problems in reorganizing the industrial enterprises of our province are considerable and we still have a great deal of work ahead of us.

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NATIONAL POLICY AND ISSUES

'JINGJI GUANLI' ON FOCAL POINT OF REORGANIZATION

HK181514 Beijing JINGJI GUANLI in Chinese No 9, 15 Sep 82 pp 41-43

[Article by Jiang Yiwei [5592 0001 5517]: "Overall Reorganization is a Constructive Reorganization--Part VII"]

[Text] V. Establish A Set of Scientific and Civilized Management Systems (Part III)

Fourth, establish an overall personnel and labor administration system with the development of talented people and the mobilization of the enthusiasm of the masses of staff and workers as its objective.

Any enterprise has its particular personnel administration and labor management, some being rather simple and others being fairly perfect. Personnel administration and labor management are both different and related. A scientific and unified line of demarcation is a shortcoming in our personnel administration and labor management. In the management of cadres, there have been a series of traditional systems for a long time. Personnel and labor administration of an enterprise is very often divided according to the subjects of management, with its personnel department administering cadres (technicians and staff members) and its labor department administering workers. This division is consistent with the state's existing systems, but judged from the scientific character of management, this division is not entirely rational. Managerial and technical personnel and workers in an enterprise are all working people and personnel belonging to the enterprise. In the management of "man" covering recruitment, employment, training, organization, assessment, wage and so on, there is a question of generality which should necessarily be put under unified arrangements.

Regarding labor management as the exclusive administration of workers and the labor of workers is a reflection of an outmoded concept of labor. In essence, this concept only recognizes that manual labor is "labor" and neglects that mental labor is also an important component part of "labor." Under the guidance of this concept, in the management concerning the improvement of labor productivity including work organization, the fixing of the number of workers and of production quotas and so on, consideration should be given to the labor of workers who directly engage in production; one-sided importance is attached to

raising the labor productivity of workers, neglecting the raising of that of all staff and workers. Seen from the trend of development of industrial production, with the enhancement of the level of modernization, the number of direct productive laborers on the first line will become smaller and smaller while the ratio of the personnel who engage in scientific research, in production and technical preparations and in production and operational management will become increasingly large in regard to the composition of personnel. The economic results of enterprises depend to a greater and greater extent on the work efficiency and quality of work of all staff and workers. Therefore, scientific personnel and labor administration will inevitably break the dividing line between workers and staff members, and the practice of unified management over all staff and workers will become a matter of necessity. Of course, every job of an enterprise is done by "man." Therefore, personnel and labor administration will surely be the overall management of all staff and workers and the whole process, which concerns the overall situation.

Overall personnel and labor administration can also be divided into personnel administration and labor management. However, it can only be divided in accordance with the functions of management rather than the subject of management. Roughly speaking, the functions of personnel administration are to administer such matters as the employment, allocation and transfer, vocational training, assessment, wage, welfare, awards and penalties, promotion and removal of the personnel of the whole factory (including workers and staff members). Its tasks are to educate and train talented people in a planned way, heighten the quality of the contingent of staff and workers and bring the enthusiasm of the masses of staff and workers for socialism into full play. The functions of labor management are to rationally organize the process of labor of personnel (including manual and mental labor). It consists mainly of work organization (including the organizational structure and organization of production, technology, management and others), production based on a fixed number of workers (including the rational allocation of the personnel involved of the abovementioned organizations), work quotas (including production quotas and job quotas for all fields of work) and organization and management relating to work discipline, labor protection, labor emulation drives and so on. Its tasks are to scientifically organize the process of labor and continuously raise the output value per worker.

The difference between personnel administration and labor management lies in the fact that the former takes the staff and workers individually as its subjects and pushes every staff member or worker to make progress and raise standards, while the latter takes the cooperation of labor between man and man as its subject and organizes socialized mass production in a rational way. The two kinds of administration are different in function but closely related.

The questions relating to work discipline, work quotas, the fixed number of workers, labor organization and the vocational training of all staff and workers, the strengthening of ideological and political education and the conducting of labor emulation drives have been dealt with in the previous paragraphs discussing the establishment of a contingent of staff and workers who are both red and expert. Here I would like to emphatically discuss the crux of the problem of overall personnel and labor administration, that is, how to establish a

series of personnel administration systems which combine training with the use of personnel and the principle of distribution according to work with the development of talented people so as to give full play to the enterprising spirit and enthusiasm of every staff member or worker in enterprises.

Strengthening ideological and political education and heightening the political consciousness of the masses of staff and workers constitute an important prerequisite for arousing the enthusiasm of the masses of staff and workers for socialism. However, we must also have a series of perfect personnel administration systems to encourage the active enterprising spirit of every staff member or worker so that every staff member or worker can clearly see that everyone will have a path for raising himself and continuing to forge ahead so long as he is enthusiastic and exerts himself. This is the most powerful organizational measure for mobilizing the enthusiasm of the masses of staff and workers for socialism.

Distribution according to work is a basic principle of the socialist system and plays a decisive role in bringing the initiative of the masses of staff and workers into play. However, if the principle of distribution according to work is merely aimed at countering the practical situation, namely, striving to link the personal interests of the staff and workers with their labor achievements and to ensure that those who make great labor contributions in quality and quantity will gain more income, then the role which it plays in arousing the enthusiasm of the staff and workers will be limited. This is because the amount of one's labor contributions depends not only on his attitude toward labor, but what is more important, also on whether his ability is great or small. We must not only encourage every staff member or worker to do things in the spirit of "from each according to his ability" but also encourage him to "increase his ability." Only when distribution according to work is combined with the "increasing of ability" can we bring the enthusiasm of the staff and workers into greater play and give greater scope to the active role of the principle of distribution according to work.

In order to increase the work abilities of the staff and workers, apart from relying on the conscious efforts of the individual staff and workers, vocational training should be carried out among the staff and workers should be organically integrated with the utilization of the staff and workers. The utilization of staff and workers should be combined with distribution according to work, and the same applies to training them. It is thus required that a series of perfect personnel administration systems should consist largely of the following focal points:

1. Every post in production or work must have three standards: 1) The professional job standard. Being largely different from the job responsibility system, this professional job standard mainly stipulates the tasks which the related post in production or work should undertake and the technical grades or professional requirements which it should attain or fulfill. For example, the technical grades of the subjects of work of the work procedure of fine machining are higher than those of rough machining. 2) The standard of the record of formal schooling, qualifications and services of the working personnel at the posts in production. This standard stipulates the record of formal schooling involving the special training which the operating personnel should

have and their titles for a professional post and technical grades. 3) The standard of job remuneration. It stipulates the job wage and job subsidy standards. Of course, in carrying out this reform involving the wage system, before the reform is started, it is advisable to adopt some transitional regulations.

2. The operational personnel must go through vocational training and after obtaining certificates of record of formal schooling, are asked to work on probation as temporary working personnel (they are given temporary job identification cards) under the guidance of the regular working personnel. When the probation period expires and they have already proved themselves to be competent at a job through assessment, they will become regular working personnel (they are given job identification cards).

3. The regular working personnel at their posts enjoy the standard job entitlements, including job wage and job subsidies and so on. The temporary working personnel at their posts are not entitled to enjoy standard job entitlements, but they are allowed to enjoy some entitlements which have nothing to do with their abilities to work, for example, subsidies for work in production harmful to the human body and allowances for night shift meals and so on.

4. While formulating the job responsibility system and fixing production of job quotas, it is necessary to concurrently establish a series of systems to examine the achievements made by individual staff and workers in production and work. The achievements and errors made by the staff and workers in production or work must not only be given proper award or penalties but also be recorded.

5. It is necessary to select outstanding staff and workers according to their record of formal schooling (including the experience in vocational training and records in study) and the qualifications and record of service (including the title of a professional post, grades, the number of years of service and so on) and after being further trained, send them to the posts in production or work at a higher level.

To sum up the above-mentioned focal points, the staff and workers of enterprises will follow a program of "training-examination-fixing-promotion," continuously increase their abilities to work and, at the same time, raise their own positions and get corresponding remuneration.

This program can be diagramed as follows:

(Training) Employment	(Examination)		(Fixing) Fixing of posts	(Promotion)		(Training) New posts	
Vocational training	Exam- ination	Work on Probation	Assess- ment	Work	Assess- ment	Voca- tional train- ing	Exam- ination
Contents of educa- tion	Certi- ficates of course comple- tion	Profes- sional require- ments	Certi- ficates of quali- fication	The re- spon- sibil- ity system	Examin- ed achieve- ments cards	Contents of educa- tion	Certifi- cates of course comple- tion

Doing work in accordance with the above-mentioned program is the central content of personnel administration. It is imperative to fulfill well the following tasks, centering around these central contents:

First, we must establish and perfect the personnel system which consists of the institutions of employment, vocational training, assessment, wage, awards and penalties and promotion of the staff and workers.

Second, we must establish the graded management of personnel archives and personnel and examined-achievement cards. An examined-achievement card is used for recording the achievements or errors in production or work of the staff and workers, while a personnel card is used for recording matters in other fields outside production and work, including family affairs, difficulties in life and others. If conditions permit, we must help solve their problems on our own initiative.

Third, we must draw up both long- and short-term plans and, in accordance with the long- and short-term goals of the development of enterprises, we must calculate and quantify the need for personnel of various grades and types and quality requirements and determine measures for the increase or decrease and removal of personnel.

Fourth, we must draw up plans for training personnel. In accordance with the requirements of the development of personnel of enterprises, we must arrange the plan for training the various types of personnel so that the vocational training work can completely accord with the requirements of the readjustment, increase or decrease and renewal of personnel and the universal raising of the quality of personnel.

Overall personnel and labor administration means that such administration is carried out by all staff and workers. Therefore, it is certain that a method of graded management should be adopted. It is permissible for the headquarters of a factory to have a sketchy understanding of the situation of the staff

and workers, while the workshops and production teams and groups of the factory are encouraged to have a detailed comprehension of the situation of the staff and workers. However, they all must make regular records, using the cards designated for uniform use by the factory as original records needed by other management work, it is only possible to make statistics and draw up plans and make them scientific step by step when such records are taken as the basis.

Overall reorganization of enterprises is a strategic plan for the CPC Central Committee and the State Council to implement the principle of readjustment, restructuring, reorganization and upgrading. The central aim of the readjustment is to raise economic results and gradually build our enterprises into modern socialist enterprises with a high level of material and spiritual civilization. Therefore, we say that overall reorganization of enterprises is a constructive reorganization.

The level of management of state-owned industrial enterprises of our country differs vastly and the problems existing in this respect are also different. Consequently, it is necessary to decide where the readjustment work should be started, based on actual conditions in the enterprises. Of the pronounced problems which exist in enterprises, some may be the problem of leading bodies; others may be the problem of work discipline; still others may be the problem of labor organization, for example, overstaffing and informal replacement of units under the system of ownership by the whole people and units under the collective system; and others may be the problem of readjusting the orientation of production of enterprises and of closing, suspending, merging and shifting of enterprises, and so on. Without first solving these conspicuous contradictions, it will be difficult to further carry out comprehensive construction. Therefore, we must make up our minds to fight a tough battle and, first of all, break some long-standing, big and difficult problems so that the staff and workers of the factory can rouse themselves and pool their wisdom and strength to carry out the "three items construction" and realize the "six good requirements" in an orderly manner.

From 1981 to 2000, China's great socialist construction will be carried out in two stages: In the first decade, we must lay a sound foundation and accumulate strength so as to create conditions for the economic rejuvenation of the following decade. Overall reorganization of enterprises is an important task for laying a sound foundation. Raising economic results through readjustment will help get instant results in our endeavors to ensure a turn for the better in China's financial and economic situation, and improving the level of management of the internal departments of enterprises through readjustment is also an important condition for carrying out overall restructuring of the economic system. We are convinced that under the leadership of the CPC Central Committee, the State Council and the party committees and governments at various levels, China's overall reorganization of state-owned industrial enterprises will surely develop swiftly and achieve remarkable results. In this speech, I have discussed my sketchy personal understanding of overall reorganization of enterprise and put forth some immature views which only serve as references for you all. If there are any mistakes and shortcomings in them, I look forward to your criticism and corrections.

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NATIONAL POLICY AND ISSUES

SHANXI PAPER ON CONSTRUCTION IN MOUNTAINOUS AREAS

SK102356 Taiyuan SHANXI RIBAO in Chinese 20 Oct 82 p 1

[Article by Luo Guibo [5012 6311 3134]: "Create a New Situation in Construction in Mountainous Areas"]

[Excerpts] To achieve a quadruple increase in Shanxi's annual industrial and agricultural output value by the end of this century as compared with 1980, one of the most important tasks is to quicken the pace of construction in mountainous areas. In the past 2 years, we have conducted investigations and studies in mountainous areas. Here are some tentative ideas on creating a new situation in construction in mountainous areas.

1. It is necessary to understand from the high plane of strategy the important role played by construction in mountainous areas in creating a new situation in our province's socialist modernization construction.

Since the founding of China, under the leadership of the party and the government, the people living in the mountainous areas of our province have promoted the fine traditions of relying on one's own efforts to overcome difficulties and working hard and have scored pronounced achievements in socialist construction. The outlook of mountainous areas has been much improved and a large number of advanced exemplary cases have appeared. However, because of the influence of the "leftist" mistakes, corrupt practices often occurred in the course of implementing policies. As a result, construction in mountainous areas has been slow and very few changes have been made in the appearance of some localities. The livelihood of the masses is difficult and their cultural education is still backward. What role must mountainous area construction play in overall economic construction if our province is to achieve a quadruple increase in the annual industrial and agricultural output value? We should concretely analyze this issue from the high plane of strategy of achieving the grand objective: In regard to area, the areas of Xishan and Dongshan alone account for 74.5 percent of the province's total area. With other mountainous areas and hilly lands added, the total area of mountain land in the whole province accounts for 80.3 percent. Doing a good job in the construction on the plains is, of course, very important; however, this only deals with 19.7 percent of the province's total area. We can easily see that mountainous area construction has played a decisive role in the economic construction of the whole province.

In regard to the density of population and the average arable land per capita, each square kilometer of land on the average in the western mountainous areas has 69 persons. The density of population of the whole province is 2.2 times that of the western mountainous areas and the density of population of central basin is 4.5 times that of the western mountainous areas. The average per capita arable land for the agricultural population in the western mountainous areas is 4.56 mu, which is 1.5 times that of the whole province and 1.7 times that of the central basin.

Our province has rich mineral resources and plentiful deposits of coal, aluminum, iron and copper. It abounds in coal resources by nature, and is known far and wide as "a land of coal." Most of these mineral deposits are concentrated in the mountainous areas and our province's coal superiority is exactly the superiority of mountainous areas. The superiority of living resources is also obvious in the mountainous areas. At present, our province's eight major forest areas and 55.66 million m of grasslands are distributed in various mountain areas, and there is lots of wildlife that merits our great attention. There are many varieties of agricultural products, trees, fruits and animals. Compared with the plains, the mountainous areas of our province are incomparably superior in developing agriculture, forestry and animal husbandry, exploiting mineral deposits, making full use of all resources, expanding production outlets, carrying out diversified economy.

Construction in mountainous areas is closely related with that of the plains. Our province's so-called plains are basically basins surrounded by mountains. Failure in tackling the problems in mountainous areas will result in serious soil erosion and will certainly affect construction in the plains. Poor production in the mountainous areas will also hinder construction in the plains. Doing a good job in building mountainous areas is of great significance in changing the whole ecological environment of Shanxi and in solving the problem of drought 9 years out of 10. Construction in mountainous areas and in the plains complement one another.

At the same time, we must also notice that our province's mountainous areas have not only provided a defence for the capital but are also a rear base for the capital. The strategic position is very important. Most of our province's mountainous areas are old mountainous revolutionary bases with glorious revolutionary traditions, a good party foundation and high consciousness among the masses. These are favorable conditions for making the construction of mountainous areas successful.

The above situations tell us that mountainous areas have rich resources, great potential and good prospects. To exploit and build mountainous areas and to enliven the economy of mountainous areas is a strategic issue affecting the whole situation of our province's economy. The lopsided understanding about mountainous areas must be changed. The pessimistic idea that "the appearance of mountainous areas are hard to improve" are groundless.

Since the third plenary session of the 11th CPC Central Committee, and with the implementation of a series of party policies and principles, we have made a big stride forward in building mountainous areas. In a short span of a

little more than 3 years, most localities in the mountainous areas have basically solved the problem of food and clothing--a problem which had been crying for a solution for years. In 1980 and 1981, the eastern mountainous areas, which occupy one-fourth of the province's arable lands, produced one-third of the province's grain. The speed of development in giving full rein to the superiority of mountainous areas and in actively carrying out diversified economy and sideline occupations is all the more promising. This has not only enabled us to see the bright prospects for construction in mountainous areas but has also provided us new experiences in building the mountainous areas.

Over the past year or so, specialized and [word indistinct] households have rapidly developed in our province's mountainous areas. The average income of some households has reached 500 yuan and some households have earned more than 1,000 yuan.

Since the third plenary session, the changes in mountainous areas have proven that the tremendous power of the party's principles and policies has begun to show its brilliance and that the exploitation and utilization of mountain resources is just beginning. Rich coal reserves and abundant iron, copper and aluminum mines need our exploitation, and vast stretches of areas suitable for forests and grassland and hillside grazing grounds are waiting for our management. Our province still has room for greatly developing its traditional precious native and special products and special types of cash crops. All these have fully shown that mountainous areas are not a "burden" but a wealth. Mountainous areas have great potential and plenty of scope for development. Mountainous areas will make great contributions to achieving a quadruple increase in our province's annual total industrial and agricultural output value by the end of this century.

2. It is necessary to formulate scientifically based, unified plan containing rational and feasible measures.

Mountainous areas have many favorable conditions and great potential; however, there are also lots of unfavorable conditions and great difficulties, such as a lack of vegetation, bare mountains and ridges, poor soil fertility, serious soil erosion, inadequate transport facilities and backward culture, science and technology. In the past, we had a poor understanding of the favorable conditions, failed to make full use of these conditions and failed to conduct systematic investigations and analysis of unfavorable conditions. In the final analysis, we lack good ideas about how to fully tap, protect and spread the resources and how to rationally exploit mountainous areas. We also have failed to formulate a long-term overall plan.

Since the third plenary session of the 11th CPC Central Committee, most localities have paid attention to suiting measures to local conditions. Those living on a mountain live off the mountain. However, people of some localities that live off the mountain have failed to conserve and to tackle problems on the mountains. Some even manage mountain resources in a predatory manner. They think only of the present and neglect the future, think only

of the part and neglect the whole. Such phenomena as reckless lumbering and land reclamation are very serious. In some localities, the area of wasteland under reckless reclamation annually is even greater than the area under afforestation. If things go on like this, how can we solve the problem of soil erosion, and how can we ensure an ecological balance?

The economic construction policy for our province's mountainous areas should be: Gradually achieve self-sufficiency in grain supply with a little surplus; actively develop forestry, animal husbandry, industry, mining and diversified economy; develop agriculture, forestry, animal husbandry, industry and sideline occupations in an all-round way and make them promote each other. Our province's mountainous areas are large in area with different situations and natural conditions in various localities (especially climate, soil and mineral reserves). It is inadvisable to seek uniformity in carrying out specific construction methods. We must seek truth from facts, proceed from reality, suit measures to local conditions and bring the local superiority into play.

In line with years of experiences and lessons and judging from the current situation, we must pay attention to two points if we want to map out good plans for construction of mountainous areas:

A. Conducting investigations and study and doing a good job in the survey of natural resources and agricultural zoning is the foundation for formulating plans. We must go deeply to the grassroots to conduct meticulous observations and scientific analysis and to do solid work in the survey of various natural resources in the mountainous areas and in agricultural zoning in order to provide a scientific basis for rational exploitation, utilization and protection of natural resources in the mountainous areas and for the readjustment of agricultural production structure and arrangements.

B. In formulating plans, we must achieve "four unifications": unify immediate interests with long-term interests; unify the interests of individuals and collectives with that of the state; unify the interests of the part with that of the whole; and unify economic benefits with ecological benefits. A failure to rapidly achieve quick benefits and to bring tangible material benefits for the masses will make them lose enthusiasm. However, paying only attention to immediate interests at the expense of long-term interest will finally bring losses to the collective and will make the masses suffer.

3. Further emancipate thinking, relax policy restrictions, work with concerted efforts and boldly build mountainous areas.

Since the third plenary session of the 11th CPC Central Committee, the restrictions of rural economic policies have been relaxed. The masses have greatly enhanced their enthusiasm. Construction in mountainous areas has taken on a new and vital appearance. Judging from the current actual situation and the development trend, to create a new situation in the construction of mountainous areas, we must, under the guidance of the 12th national party congress, further emancipate our thinking, relax policy restrictions and boldly expedite the pace in making the mountainous areas prosperous.

(1) We must broaden the scope of populatization of various forms of production responsibility systems, especially the system of fixing responsibility by contracts, give full rein to the power of policies and further arouse the enthusiasm of the masses.

Practice has proven that boldly promoting all forms of the contract responsibility system will result in a rapid development in grain production, afforestation, grass cultivation, animal husbandry, and the production of native and special products in mountainous areas and will [word indistinct] good results in farmland capital construction and water conservancy construction.

(2) We must vigorously develop industry in mountainous areas with an emphasis on coal mining and the processing industry. Localities with rich mining resources must develop industrial and mining industries to promote the development of agriculture, forestry and animal husbandry. Likewise, they must also develop agriculture, forestry and animal husbandry to support the development of industrial and mining industries so as to enable the development of mountain industry to merge into an organic whole with the development of agriculture, forestry and animal husbandry. Coal resources are found in many places of our province's mountainous areas. We should bring this superiority into play and, under the leadership of state plans, develop local coal mines and commune- and brigade-run small coal pits in a well-guided and planned way. Localities with favorable conditions should attend to comprehensive utilization of coal, develop small chemical fertilizer and coking plants and other products that consume coal while processing. In addition, we must also actively run small hydroelectric power stations. We must give full rein to the superiority of mountainous areas where agricultural, forestry, livestock, native and special products are plentiful, actively develop processing and food industries. Mountainous areas have lots of favorable conditions for developing a diversified economy. Efforts must be made to build a mulberry base and oil-bearing crop base with emphasis on the production of sesame and castor beans, a base for producing potatoes for export, a base with large areas of clarets, walnut and haw, a precious Chinese medicinal herbs base and a timber forest base. So long as we accelerate the development of the processing industry, we will achieve great economic value from mountain produce. The vigorous development of specialized and key households will provide room for the development of the processing industry. We must keep abreast of this new situation and develop such processing industries as preserved meat, dairy and egg processed products as well as leather and [word indistinct] articles. Mountain industries can be developed and run by counties, collectives and specialized households. The form of management must be small, diversified and flexible.

(3) Strengthen the cultural, educational, scientific and technological construction in mountainous areas so as to make a new breakthrough in developing and fostering talented persons. In creating a new situation in the construction of mountainous areas, we must attach importance to utilization of intelligence and development of talented persons. Mountainous areas must actively foster all kinds of specialized competent persons with their own efforts. The state must give active support and special care to mountainous areas while transferring cadres and assigning jobs for college graduates.

At present, the outflow of intellectuals working in the mountainous areas is very serious. Many cadres do not keep their mind on their work in the mountainous areas. We must actively create relatively better working conditions for scientific and technological workers, intellectuals and cadres, build better houses, offices and laboratories for them and make things convenient for them in their work. We can also let them visit other places and allow them to study, broaden their field of vision, improve their knowledge and obtain advanced experiences in an organized and planned way. In addition, we must also show concern for their hardships and give them special care in their livelihood.

(4) We must actively clear, expand and increase circulation channels and enliven the economy of mountainous areas. At present, the commercial centers and facilities are far from enough in the mountainous areas. Excessive transfer links have hampered the free circulation of goods, making it impossible to achieve a smooth circulation of goods or to make the best use of everything. This does not suit the needs of economic development in the mountainous areas. The improvement in commercial work and the relaxation in policy restrictions are mainly aimed at actively clearing, expanding and increasing the circulation channels so as to promote the development of a commodity economy.

(5) We must attach importance to developing the construction of highways and power transmission lines. At present, our province still has 270 communes and 15,816 brigades that have not been linked by highways and 68 communes and 7,032 brigades that have not been linked by electricity. Most of these communes and brigades that are not linked by highways and electricity are located in the mountainous areas. Some of them are located in the outlying mountainous areas and old revolutionary base areas. If we fail to solve the highways and electricity problems of mountainous areas, no matter how rich the reserves and how plentiful the agricultural, sideline and native and special products are, we will find no way to fully exploit and utilize these resources. We will find it hard to advance industrial and agricultural production, to develop the diversified economy and to enliven the economy and the livelihood of the people in the mountainous areas. Apart from this, there are still some communes and brigades in the mountainous areas where the people find it difficult to get drinking water and water for the animals. This problem must be solved as soon as possible. Building highways and power transmission lines, solving the water problems of man and animals and developing mountain industry, cultural, educational, scientific and technological undertakings, afforestation, construction of water conservancy projects, building market and county towns, need a considerable amount of funds. In regard to some major construction projects, the state will provide necessary investment. But most important is to rely on the masses of the localities and to adhere to the principle of self-reliance.

(6) We must stress the construction of market towns. Market towns in the mountainous areas are centers for developing economy and cultural activities of the people living there. They are of great significance in enlivening the markets, stimulating the economy, increasing circulation channels, enlivening the cultural life and improving the of mountainous areas.

(7) We must strengthen unified leadership, work with concerted efforts and bring into play the enthusiasm of all quarters.

CSO: 4006/120

NATIONAL POLICY AND ISSUES

'RENMIN RIBAO' ON CONSTRUCTION IN MOUNTAIN AREAS

Beijing RENMIN RIBAO in Chinese 18 Nov 82 p 2

[Commentator's article: "Speed Up the Construction in Mountain Areas in a Practical Manner"]

[Text] Under the guidelines of the 3d plenary session of the 11th CPC Central Committee, the people of Wulian County in Shandong have emancipated their minds, fully brought into play the superiority of the mountain areas in a manner suited to local conditions and quickly opened the door to prosperity in the mountain areas. Average per capita distribution in the whole county has surpassed that of many nearby flatland areas. The success of Wulian County has fully showed that the mountain areas have great production potential and excellent prospects for development. In July this year, the Shandong Provincial CPC Committee called a mountain areas construction work conference in Wulian County to popularize the experience of this county in transforming mountains and harnessing rivers. This is an event of transforming mountains and harnessing rivers. This is an event of important significance.

China is a mountainous country, and 70 percent of its total territory is covered with mountains. Many mountain areas, used as revolutionary base areas in the past, have now become strategic points for the building of socialism. We must attach importance to mountain areas; speeding up construction in mountain areas should be placed on the agenda of leading members at various levels.

To carry out construction in the mountain areas, we first must have a correct understanding of the mountain areas and find out "what they really look like." The leading comrades of the Shandong provincial party committee and Wulian County Party Committee have gone deep into the frontline of construction in the mountain areas. Through investigation and study, they have mastered a great deal of firsthand material, formulated plans for the construction of mountain areas geared to actual circumstances and created vital conditions for making a success of this work. China has a vast territory and conditions in every mountain area are different. Each has its own superior features as well as inferior aspects. Only by going deep into reality through investigation and study can we concretely master the objective law for transforming each mountain area, bring its respective superiority into play and obtain the maximum economic benefit.

To speed up construction in mountain areas, we must also conscientiously solve some of the actual problems of the mountain areas in a practical manner. Communications and water conservancy are the lifeline of the mountain areas. Mountain areas with communications facilities and ample water supplies will develop production faster, and the people's livelihood will also improve more quickly. If there is water, the mountains will come to life and there will be a guarantee for the livelihood and production of the people in mountain areas. If roads are opened up, the economy of the mountain areas will be enlivened. Therefore, the building of roads and the harnessing of rivers are two important tasks in the construction of mountain areas. Wulian County has adopted the method of tackling problems concerning mountains, rivers, farmland, forests and roads in a comprehensive way in the construction of mountain area. While transforming mountains, carrying out afforestation and planting grass, it has not neglected harnessing rivers and building roads. We should attach great importance to its experiences.

In order to really transform the wealth created by the people in mountain areas into the wealth of society, we must energetically develop channels of circulation. The mountain areas produce a great deal of commodities and most of the mountain products and forestry products must be marketed outside. Commercial departments should adopt realistic measures to support the development of production in mountain areas, supply economic information to the peasants of the mountain areas, help with the processing of agricultural sideline products and actively organize purchasing. At the same time, they must properly supply the means of production and means of livelihood needed by the people. In this way, the economy of the entire mountain areas will operate like a well-coordinated machine.

At present, many mountain areas are felling trees and destroying forests to reclaim land on mountain slopes. This has caused erosion and resulted in a vicious ecological cycle. This condition of destroying mountains instead of transforming them must stop immediately. We must direct the people of the mountain areas to plant trees, carry out afforestation, practice water and soil conservation and change from farming hillside fields to farming terraced fields and from extensive cultivation to intensive cultivation. We must advocate such correct methods as planting oil-bearing trees and leguminous plants to solve the problem of grain in the mountain areas. The development of tree planting and forest building will contribute to conserving water and soil, regulating the climate, purifying the air and maintaining an ecological balance. It will also result in direct benefit to other areas. This is an undertaking that will benefit future generations and we must give it special attention.

Construction in mountain areas is a difficult battle. Without the kind of boldness of vision of the foolish old man who moved the mountains, the firm and indomitable tenacity and the spirit of enduring great hardship and hard work of the people of Wulian, it is impossible to succeed in the construction in mountain areas. We must see the high degree of enthusiasm shown by the people for building the new socialist mountain areas. As long as the cadres at all levels heighten their revolutionary spirit, strive for a scientific attitude and lead the masses in working energetically and ingeniously, we will certainly be able to create a new situation in the construction of the mountain areas.

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ECONOMIC PLANNING

DEVELOPMENT OF COLLECTIVE AND INDIVIDUAL COMMERCE ADVOCATED

Shenyang LIAONING RIBAO in Chinese 22 Aug 82 p 2

[Article by Wang Jiyuan [3769 4764 0337]: "Continue to Development Collective and Individual Commerce"]

[Text] The development of collective commerce and individual commerce is an important factor in the elimination of "leftist" influence and the implementation of the policy of national economic readjustment, an important aspect of the work to revitalize the market and to provide greater convenience to people's daily living, and an important way to solve the problem of employment for the young people. We have implemented this party policy since the Third Plenary Session of the 11th Party Central Committee, and the collective and individual commercial undertakings have been fairly greatly developed. According to preliminary statistics, at the end of 1981, the food and drink network outlets in the province numbered 22,000, an increase of 6.9 times over 1978. There were 31,000 barber shops, an increase of 4 times over 1978. For every 1,000 persons in the province, there were 3.5 network outlets, being 4 times the number in 1978. If only the urban population is taken into account, then there were 5.1 outlets for every 1,000 persons, an increase of 2.2 times over 1978.

The development of collective and individual commercial network outlets has played a positive role, manifested as follows:

Increased sources of supplies and market prosperity. What these outlets supply are mostly of small varieties. In the food and drink trade, for example, there are cooked meat, tendons of pork or beef, cold noodle, layered [urihua] puddings, layer cakes, pancakes and so forth, which can meet many needs in people's daily lives. The state-run commerce rarely deals in, or has difficulty in dealing in, these articles.

Convenience to the masses. Collective network outlets generally open early and close late. In many places, they even open in the early morning hours. Individual hawkers go through the streets and lanes so that the workers can buy their vegetables, fish, meat, sundry goods and other daily necessities during their off-duty hours. In those remote areas where households are scarce, shopping was formerly very inconvenient. Now the plants, mines and neighborhoods have set up their own stores, and the difficult problem of shopping by the nearby residents is now solved.

The revival of traditional tastes with the return of traditional products. Some traditional food, such as fried noodles, steamed dumplings, meat pies, dumplings with meat and vegetable stuffing, deep-fried dough cakes and so forth have now gradually reappeared. The theatrical equipment and costumes of veteran artists like Wang Qingyuan [3769 1987 0337], Na Xuezhong [6719 1331 1813] and Cui Fengyi [1508 7685 5030], which have long enjoyed national fame, have recently returned, and orders for them are coming in a continual stream.

Job opportunities for young people. At least 200,000 young people have been given jobs in the province, according a preliminary estimate. Some of these undertakings have been set up with self-raised funds or in the form of joint venture. In some collective undertakings, veteran artists are treating the young people as journeymen. There are also individual undertakings in which the young people receive technical training from their fathers or older brothers during their sparetime. Many young people have found work for themselves and their work performance has enabled them to gloriously join the league [CYL] or the party. Yan Xiaoying [7051 3556 3853] and nine others in Shenyang Municipality, who had found work for themselves, were rated as advanced producers.

These four aspects of the positive role have directly or indirectly promoted the development of production, and particularly the development of economic diversification in the countryside and of handicraft in the cities.

The vast majority of people favor the development of collective and individual commerce (including the service trade; same as follows). However, there are some comrades having their misgivings or muddled ideas. They are mostly afraid that if the development is excessive, will collective and individual commerce compete with the state-run commerce and finally bring "chaos" to the market?

Our answer is in the negative.

Are the collective and individual commercial network outlets too many or excessively developed. In quantity, it is true that there have been fairly large increases in personnel and the volume of sales. Compared with 1955, the increase is not too striking. In 1955, there was an average of 7 outlets for every 1,000 persons, whereas in 1981, there was only 5.1 outlets, and these outlets were very unevenly distributed, since their development was very slight in the newly built residential areas, remote areas and the dense industrial areas. Among the different trades, that of repairs service is not enough, particularly for the repair of TV sets and other high-grade industrial products. In the food and drink trade, more restaurants are selling large steamed puddings and dishes prepared in large frying pans, but not many are catering to the traditional tastes by serving special snacks. In the total volume of retail sales, the portion claimed by individual undertakings amounts to only approximately 2 percent. Therefore, the development is not enough instead of being excessive.

Will the developing collective and individual commerce compete with the state-run commerce (including the supply and marketing cooperatives)? According to the total volume, the sales of all economic sectors have increased in varying degrees. However, it is true that some state-run commercial enterprises and supply and marketing cooperatives had reduced sales and reduced profits in the first half of this year, compared with the same period last year. These

reductions were not the result of competition from the collective and individual commerce, but were rather caused by the lack of competitive power in the state-run commerce. There is bound to be competition as long as different economic sectors exist. In the competition, state-run commerce is enjoying great advantages with regard to sources of supply, funds, personnel and equipment. As long as it is good at bringing into play these advantages, state-run commerce can certainly play its leading role and help the collective and individual commerce in their common advance. However, because of the effects of bureaucraticism, a fairly large number of state-run commercial departments do not provide so much convenience in business hours, cannot offer such good service and fail to adopt such flexible forms of service as the collective and individual commerce does. That was why the sales and profits of some state-run commercial enterprises and supply and marketing cooperatives declined, and they were in no position to compete with others. The days of monopoly are gone for ever. The state-run enterprises should try to regain its initiative, pluck up their courage, and quickly get rid of their bureaucratic work style and their ideas of enjoying monopoly. They should bring into play their strong points, learn from others' good qualities, improve their service, and try to get the upper hand in the competition.

Will the development of collective and individual commerce bring "chaos" to the market? This question should be viewed dialectically. As mentioned earlier, we should first affirm the merits of collective and individual commerce as being primary. There are, however, also some "chaos," and these chaos have a dual meaning. First, it refers to the practice of adulteration in production, driving up commodity prices, speculation and profiteering, and other illegal deeds by unscrupulous people; and second, it is the result of the rapid development of collective and individual commerce and the failure of our administration to keep pace with the development, thus causing certain chaos in the implementation of policies, the control of prices, and the definition of the scope of the business. The former is a reflection of class struggle. If we relax our efforts in education and in the anticorrosion struggle, this situation will be further aggravated. This situation also existed during the days of monopoly and before, not after, the development of collective and individual commerce. We should be confident that through the crackdown on the serious economic crimes and the education in the anticorrosion struggle, and by strengthening our control, these "chaos" can be gradually eliminated.

In dealing with collective and individual commerce, our future general policy should be: to provide more active leadership and to continue its development under an overall planning.

To provide more active leadership, we should continue to wipe out the "leftist" influence and further enhance the understanding on the part of the cadres of the significance of the development of collective and individual commerce, so that they will be aware that this is a necessity during the present historical stage of socialism, and a natural reflection of the different systems of ownership in the sphere of circulation; and that collective and individual commerce should permanently coexist with state-run commerce and the supply and marketing cooperatives in their common advance through competition. At the same time,

the collective and individual commercial undertakings should be educated to uphold the socialist orientation, to conscientiously implement the party's policies of procurement and marketing, taxation policy, pricing policy and the policy of industry and commercial administration. We should frequently check and find out how they are implementing these policies, commend the good ones, criticize the bad ones, and apply economic sanction or mete out punishment for speculation and profiteering, or any other illegal acts.

To provide more active leadership, we should also exercise our control according to the chain of command. The industry and commerce administration and control departments at all levels should set up their own administrative organs for controlling collective and individual commerce. Trade unions for individual commerce should be formed gradually as a means to reflect their ideas and requirements, and control should be strengthened by education among the individual undertakings in the same way as among others. All plants, mines, enterprises and departments running collective commerce must adhere to the principle of responsibility for control so as to guard against any haphazard development. The company in charge should take its responsibility seriously with regard to the planning, pricing and supplying goods as a matter of policy, and treat the collective and individual undertakings as though they are their own network outlets in providing active leadership and in unified planning and unified control. These undertakings must be kept constantly informed of the relevant party policies, so that they can consciously implement them. When different economic sectors coexist, the state sector should play the leading role, and such a role should be given full play while working out an overall arrangement for the market. It is now impossible to include the procurement and marketing plans of collective commerce in the plans of state-run commerce, but some general reference to them is necessary and feasible. Their requirements should be taken into account in the overall plan of supplying goods, and they must not be discriminated against. To accomplish this, the company in charge should assign special personnel to take care of the related work.

There should be an overall planning. The fairly rapid development in the past 2 years has resulted in a somewhat uneven distribution. This is hardly avoidable in large-scale developments. Now that we have a fairly solid foundation, the conditions are ripe for our overall planning. The focus of our future development should take place in the newly built and the remote residential areas. In the busy sections of the city, we should fill the gaps and try to form a complete assortment of facilities. We should also guide the food and drink network outlets in developing in the direction of specialization, and efforts should be made to restore the famous traditional dishes to suit local taste. More network outlets should be opened to sell nonstaple foodstuffs, vegetables and sundry goods for daily use for the convenience of the broad masses. The repair service network should be developed, particularly for the repair of TV sets, laundry machines and other durable consumer goods. If people's fear of "difficulty in getting things repaired" is eliminated, it will be possible to increase the sale of durable consumer goods.

Continued development of collective and individual commerce will not bring any danger. Under the socialist system, state-run commerce handles most of the main commodities, while grain, cotton, oil, yarns, cloths and other materials of vital importance to the national economy are in the hands of the state.

State-run commerce and the supply and marketing cooperatives are the main channels of circulation, and the state has set up a series of policies to guarantee the leading position of state-run commerce. We should continue to develop collective and individual commerce in accordance with the principle of the leading role of the planned economy and the supplementary role of market regulation in order to further enliven the market.

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ECONOMIC PLANNING

FUJIAN'S CONFIDENCE IN QUADRUPLING OUTPUT VALUE BY 2000 DESCRIBED

Fuzhou FUJIAN RIBAO in Chinese 10 Sep 82 p 3

[Article by Xiao Gongda [3135 0501 6671] and Chen Xiao-g [7115 7160]: "The Objective of Quadrupling Output Value Is Grand and Realistic"]

[Text] At the 12th National Party Congress, Comrade Hu Yaobang announced that on the basis of continued improvement of economic results, efforts should be made to quadruple the gross annual value of the industrial and agricultural production by 2000.

This is a grand strategic objective.

If this objective is attained, our total national income will be nearly 1 trillion dollars, second only to the United States. China will be in the front ranks of the countries of the world in the production of such industrial and agricultural products as steel, cement, paper, cotton yarn and chemical fertilizers. Some newly emerging industries such as electronics, information dissemination, nuclear energy, petrochemical industry and production of new materials will be rapidly developed and the newly emerging industry departments will provide advanced technologies for the development of social production and improve the social economic structure through a transition from the "labor intensive type" and the "capital intensive type" to the "knowledge (of science and technology) intensive type." Our production techniques will surpass those of the present economically developed countries. There will be an important development in the modernization of our entire national economy, and by that time, the per-capita income will be approximately \$800. With their income increased several times over, the people will be comparatively better off and will live in moderate comfort.

The strategic objective for the economic construction of our country is a grand, inspiring and realistic one, and can be realized.

First, let us review our history since the founding of the People's Republic. In the 28 years from 1953 to 1981, the average gross industrial and agricultural growth rate was 8.1 percent every year. This rate may have been a little exaggerated, but we must also note that this was achieved despite the setbacks we experienced during the "Great Leap Forward" and the "Great Cultural Revolution." According to our calculations, we need only an average annual

growth rate of 7.2 percent in attaining the objective of quadrupling our gross industrial and agricultural output value in the next 20 years. Furthermore, the conditions in various respects are much better than before, and provided we use our efforts, this growth rate can certainly be attained.

Now let us look at the experiences in foreign countries. For comparison, we will take the index of the total national output value. Our objective in the next 20 years is to increase the total national output value for each person from some \$200 to \$1,000. In attaining this objective, Japan had to spend 12 years; Germany, 9 years; France, 9 years; Italy, 14 years, South Korea, 8 years; and Brazil, 14 years. Our present conditions are by no means worse than these countries at that time. If they can accomplish it in less than 20 years, it will be entirely possible for socialist China to do the same through 20 years effort.

We must also be aware of the many favorable conditions for us to realize the strategic objective in economic development. We have the superiority of a socialist system, and the systems of public ownership of the means of production, of distribution according to the work done and of planned economy, all of which are consistent with the development of the productive forces. Since the erroneous "leftist" guiding thought for socialist construction has been corrected since the Third Plenary Session of the 11th Party Central Committee, it will be possible to give full play to the superiority of socialism.

First, the 10 years of turmoil during the "Great Cultural Revolution" have been ended and stability and unity now prevails throughout the country. The focus of work for the whole party has been shifted to economic construction. This task must be unswervingly kept up. This is the basic guarantee of success in creating a new situation in all fields of socialist modernization. Second, we have accumulated more than 30 years' experiences, both positive and negative, in socialist construction, and gained a better knowledge of the objective economic laws. Since the smashing of the counterrevolutionary clique of the "gang of four," the guiding thought in economic work has been set right, and the series of principles and policies laid down by the party Central Committee are consistent with the objective economic laws and should play a great role in promoting and ensuring the healthy and smooth development of our national economy. After more than 30 years' construction, we now have a fairly sound material and technological foundation. The fixed assets possessed by our state-run enterprises now amount to 500 billion yuan and a fairly complete system has been formed in our national economy. Our present economic results are fairly poor, but the potential is good. As long as we pay attention to economic results as the key link and give full play to the existing material and technological foundation, the grand objective quadrupling our total output value can certainly be realized. Fourth, the international situation is also very advantageous to us. At present, there is economic recession in the leading capitalist countries, and they have to find outlets for their funds and technology. By absorbing foreign funds and importing technology and advanced equipment, we can also learn from their useful experiences in management and can certainly speed up the development of the entire economy.

Our province originally had a weak economic foundation which is 7 or 8 years behind the national average. Even after quadrupling our total output value in 20 years, we will still be below the national average level. Yet, compared with other provinces, Fujian has also advantages of its own. First, it has favorable natural conditions. It is located in the subtropical zone and plants grow well in all four seasons. In addition to a vast expanse of sea area, there are also fine natural harbors. Second, Fujian is one of the provinces with a revolutionary tradition. Third, we have a force which cannot be overlooked, namely, the nearly 6 million patriotic overseas Chinese who love their own home village. Fourth, Fujian is the province to adopt special policies and flexible measures as approved by the central authorities. That is why economic development in Fujian should be faster. As long as we adopt realistic measures, work steadfastly and enthusiastically, and give play to our strong points, it is certainly possible for us to quadruple the gross industrial and agricultural output by the year 2000.

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ECONOMIC PLANNING

INITIAL SUCCESS OF ECONOMIC CONTRACT SYSTEM IN YUNNAN

Kunming YUNNAN RIBAO in Chinese 5 Aug 82 p 2

[Article by Lu Jianhua: [7120 1696 5478]: "Initial Success in Adoption of Economic Contract System in Our Province"]

[Text] Thanks to the joint efforts of the industry and commerce administration departments and the other relevant departments at various levels, our province has achieved initial success in implementing the contract law, in adopting the economic contract system and in managing the contracts.

By the end of last year, 93 counties and municipalities, of 71.5 percent of the total number of counties in the province, had started their work in contract notarization. A total of more than 7,500 contracts, involving 532 million yuan were notarized. The number of contracts and the amount of money involved were 21.2 percent and 14.6 percent respectively more than in 1980.

The contract system has effectively guaranteed the implementation of state plans and has positively promoted production and circulation. In 1980, Kunming Municipal Light Industry Bureau assigned to Kunming No 2 Rubber Plant the task of producing 3.8 million pairs of rubber shoes a year. In accordance with the requirements of the procurement plan and the market demand, the provincial general merchandise station signed a contract in good time with the rubber shoes factory for the procurement of rubber shoes of various specifications for different seasons. Thus the contract has closely coordinated the plans for both parties. On the one hand, the state's plan was fulfilled, and, on the other hand, the market demand was met. In Tonghai County, the Yangguang Supply and Marketing Cooperative signed contracts with the communes and production brigades for the procurement of three types of vegetables totaling 1.55 million jin to be supplied to Beijing and other large cities. Thus the state, the collectives and the individuals were all benefited.

The industry and commerce administration departments have actively carried their work of notarization as a guarantee for the fulfillment of contracts. Last year, more than 95 percent of the contracts signed and notarized in our province were fulfilled. The economic courts was also entrusted with the arbitration in economic disputes and they thus protected the economic interests of all parties.

The "Economic Contract Law of the People's Republic of China" was formally implemented on 1 July this year. Before then, the provincial industry and commerce administration bureau held a symposium attended by the persons responsible for contract administration in various prefectural industry and commerce bureaus to sum up the experiences in the system economic contracts in our work of contract administration. The meeting called on the leadership of industry and commerce bureaus at various levels to conscientiously implement the economic contract law, to adopt the economic contract system and to carefully attend to the work of contract administration in order that this system will play a greater role in our national economic construction.

Editor's comments: Implementation of the economic contract law and adoption of the contract system form an important link in our country's economic restructuring as well as a powerful measure of observing the economic laws. In a certain sense, it is also the implementation of the policy of the leading role of the planned economy and the supplementary role of market regulation. To give a wider scope to the role of economic contract system in our social and economic construction and our social and economic life, all departments concerned must fully understand the importance and urgency of this work and publicize the economic contract law in the light of realities so that the broad masses of economic workers can all master and apply this law. At the same time, all enterprises should combine the work of enforcing the contract system and the responsibility system with the strengthening of economic accounting and improvement of business management. In enforcing the contract system, it is also necessary to strengthen the contract administration organs by staffing them with suitable personnel and to step up the training of cadres so that the work of contract administration can be effectively carried out.

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ECONOMIC PLANNING

READJUSTMENT OF MACHINERY INDUSTRY IN BEIJING FOR SPECIALIZATION

Beijing BEIJING RIBAO in Chinese 23 Aug 82 p 2

[Article by Yang Zhide [2799 1807 1795]: "All-Round Readjustment of Machinery Industry for Technological Specialization"]

[Text] To implement the policy of national economic readjustment and the four-point directive by the secretariat of the party Central Committee concerning the policy of construction for the capital, the relevant departments of the municipality, after summing up the experiences in some earlier experiments, have decided to carry out an all-round readjustment of the machinery industry for technological specialization and cooperation.

Casting, forging, heat treatment and electroplating are the indispensable techniques of production in the machinery industry. In recent years, development of the machinery industry has also brought about great developments in the techniques of casting, forging, heat treatment and electroplating. There are now in the municipality a total of 1,451 factories and outlets engaging in casting, forging, heat treatment and electroplating (not including those run by the communes and production brigades). They own 9,031 sets of equipment and have a total personnel of 42,000; and the area of their operation amounts to 1.05 million square meters. However, in the machinery industry and the technology of production, there exist many serious problems, such as over-dispersed management, blind distribution of outlets, repetitive production, backward technology, inferior quality, high prices, waste of energy and water, environmental pollution and so forth.

The methods of readjustment of the machinery industry for technological specialization are mainly as follows:

Breaking down the barriers between the central and the local governments, between military and civilian uses, between the systems of ownership by the whole people and of ownership by the collectives, and between different regions, trades and enterprises for unified planning and unified readjustment. According to the plan, the 1,451 factories and outlets will be reduced to 519, or by 64.23 percent, and the technical production will gradually become socialized through a cooperative relationship. For example, there are altogether 87 casting and forging factories and outlets in Sanhuan Road in the downtown area, and they are under 23 different systems or departments of the central government, the army units and the local government. Based on the requirements

for urban construction in Beijing, the plan calls for the abolition of all the 31 factories and outlets within the city walls, that is, in Erhuan Road.

Starting with individual units before attending to the more difficult task involving areas. Those units producing in small lots with low efficiency and poor management, operating under capacity for a long time, lacking facilities for the treatment of the "three wastes" and wasting a great deal of energy and water should be first closed, suspended, merged or retooled.

Combining administrative intervention with economic means. Certain policies and regulations for the readjustment have been worked out whereby those factories and outlets which should be closed must be closed within a limited time, and failure to close will be punished. If any equipment is used without authorization, the power supply departments are empowered to cut off their supply. In the case of unauthorized construction or expansion of plants, the industry and commerce administration departments will not issue any business license; the bank will not open any new account; the public security bureau will not issue any permit for the purchase of anything that is poisonous; and the chemical industrial materials supply departments will not supply any material for their operation. The relevant departments will also suitably readjust the prices so that the prices of the cooperating plants will be gradually reduced to below the price level of the all-purpose plants. The cooperating plants should be encouraged to undertake more processing tasks for the society and be given more economic benefits.

Getting organized for the development of the relationship of cooperation. In the experiment conducted in Xuanwu District for the technical specialization of heat treatment, the "Beijing First Cooperative Center for Heat Treatment" was formed of, and organized by the cooperating plants with the heat treatment workshop of the Beijing Walking Tractor Plant as the backbone. This organizational form of cooperation deserves to be popularized. Its task is to improve the technology of production and the quality of products and to adjust prices in cooperation so as to consolidate and develop the relationship of cooperation.

At present, thanks to the active support from the relevant departments of the central government, the PLA, and the various districts, counties and bureaus under the municipality, the readjustment of the machinery industry for technological specialization in our municipality is now proceeding smoothly.

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CSO: 4006/077

ECONOMIC PLANNING

OVERPRODUCTION OF TRUERAN-COTTON BLENDED FABRICS REPORTED

Shenyang LIAONING RIBAO in Chinese 14 Aug 82 p 2

[Article by Guo Shixiang [6753 0013 4382], Li Fengshan [2621 7685 1472] and Qiao Chi [0829 6375]: "Production of Trueran-Cotton Blended Fabrics Should Be Determined by Their Marketing"]

[Text] Since 1979, trueran-cotton blended fabrics have been severely overstocked in our province. By the end of June this year, the stockpile reached 90.14 million meters, an increase of 40.95 over the same period last year and far in excess of the normal commodity stock. Relatively speaking, the sale of these fabrics in and outside the province has been gradually decreased. At the meetings held in Xian and Xizhou in May this year for the selection of samples and the determination of production and supply of printed cloths and yarn-dyed fabrics for the second half of 1982, it was planned for 13 million meters of trueran-cotton fabrics to be brought out; however, only 1.7 million meters were sold at the meetings, a drop of 88.67 percent compared with the same period last year. The composition of goods in stock is very irrational, since more than 60 percent of them are the result of poor sales. More than 400 million yuan was tied up this way.

In the first half of this year, the textile industry of our province still continued to increase the output of trueran-cotton blended fabrics, and the output is now 5,960,000 meters over the limit of the state production plan. That is why the goods in stock have been increased, and the grey cloth of printing and dyeing plants have become seriously overstocked. The contradiction between production and marketing is now even sharper.

There are many causes for the sluggish sales and overstocking of trueran-cotton blended fabrics. Besides inadequate planning in production, there are also the following contributing factors: the consumers are unwilling to buy them because of the high prices; chemical fiber textile products are more durable, and in the past 1 or 2 years, replacement was unnecessary; because of the reduced prices of chemical fiber products, the consumers are now feeling easy and are in no hurry to buy any cloth; the commercial departments are afraid that there will be another price reduction which will bring loss and therefore dare not take in any goods; the designs are drab, the quality is poor, the prices are high, and the competitive power is not enough to prevent the fine-quality products of other places from dominating the market; and so forth.

In view of this, we feel that the production of trueran-cotton blended fabrics should be strictly restricted, that no unit or individual can without authorization readjust the plans; and that anyone violating this ruling should be held economically liable. We must resolutely implement the principle of determining production, the output should be less, but with more designs and varieties, and should be easily marketable. We must conscientiously uphold the contract law and act according to the contract provisions. The bank should play its supervisory role and should grant no loan in support of any blind production of unmarketable goods. We must improve the quality and increase the designs and varieties so that, with attractive commodities and low prices, we will be able to increase our sales even at low profits, regain our initiative instead of remaining in a passive position, and increase the avenues of sales.

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CSO: 4006/077

ECONOMIC PLANNING

IMPORT OF STRETCH WOOLEN FABRIC DEPLORED IN BEIJING

Beijing BEIJING RIBAO in Chinese 23 Aug 82 p 3

[Article: "A Lesson From the Import of Stretch Woolen Fabric"]

[Text] One Sunday, when I was buying some material for trousers in a store, I saw many stretch woolen fabrics on the counter of textile products. These fabrics had been imported from the United States, Japan and Poland. I found this hard to understand.

Are stretch woolen fabrics not sufficiently produced in our own country to meet market demands? No. In the past several years, our production of stretch woolen fabrics has risen vertically, and some locality are overstocked with them. Are our national products' quality inferior to the imported products. The answer is again negative. Take our home-produced "Yingchun Brand" for example. The majority of indices have show that our products are not inferior to the imported products at all, and that in certain respects, ours are even better. Then why should we import such a huge quantity of stretch woolen fabrics? As we understand, this is mainly because some localities and departments engaging in foreign trade are only concerned for their own benefits. They give no thought to domestic production or market demands, and blindly import huge quantities of industrial consumer goods, even though these goods can be produced at home. This situation is extremely harmful to the development of our national economy.

First, this is a heavy blow at the domestic industry. For stretch woolen fabrics, the productive capacity in Beijing already reached 2,000 ton in 1975. Because of the competition from excessive imports on the domestic market, only 1,400 tons were produced last year, and more than 800 tons are being stockpiled. Again, the manufacture of electronic wrist watches is a newly emerging industry which began in 1979. Because of our blind importation, 65 percent of the productive capacity were left idle last year. Thus this industry "suffered from senility before it had a chance to reach maturity."

Second, this is a waste of foreign exchange. Foreign exchange earnings are the result of the people's accumulation from their savings on food and clothing, and the amount of these earnings is very limited. Foreign exchange is needed for the four modernizations in many different ways, and "good steel should be used for making blades." Blind imports of industrial consumer goods are a

plain waste of foreign exchange. Just think of this: if the foreign exchange is used for purchasing technology, equipment and raw materials--all of which are urgently needed for the production of industrial consumer goods--in order to expand our production and develop our economy, our economic benefits will be increased many times over.

Third, since our national income and the level of our consumption are still low, large-scale imports of consumer goods, which is excessive to our purchasing power, will certainly produce overstocking. Furthermore, blind importation of industrial consumer goods can produce many harmful effects on our socialist cultural development. If a person craves imported foreign goods to meet his needs for clothing and daily necessities, it is not hard to imagine that his nationalistic feelings will be gradually diminished. At present, some people actually think that it is an honor to use imported commodities. This phenomenon should attract due attention.

It is the sacred duty of every sovereign state to protect itself from economic encroachment. Many countries are now adopting the policy of "encouraging exports and restricting imports" in foreign trade. Besides tariffs, capital countries have also adopted the policy of nontariff barriers, and, according to statistics, there are more than 850 measures to serve this purpose. Ours is a socialist country, and we cannot blindly import industrial consumer goods. Imports is an important component of the national economy, and must be strictly governed by the principle of planned economy. In deciding on what to import and how much to import, we must not solely be guided by consideration of the partial interests of the foreign trade departments. More important still, we must carefully weigh the overall interests of the national economy so that, under unified planning and overall arrangements, we can plan and organize our imports and bring into play their positive role in accelerating our socialist modernization drive.

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ECONOMIC PLANNING

DEVELOPMENT OF CHEMICAL INDUSTRY PLANNED IN HARBIN

Harbin HEILONGJIANG RIBAO in Chinese 23 Sep 82 p 1

[Article by correspondent Lu Lingke [0712 0407 2688]: "Planning for Development Along With the In-Depth Study of Documents"]

[Text] Editor's note: The party committee of Harbin Municipal Chemical Industry Bureau has taken the initiative of studying and acting in accordance with the documents of the 12th National Party Congress. Its spirit is admirable. While intensively studying these documents, it also works out a tentative plan for quadrupling the total output value. This plan has been worked out after intensive investigations and study in a down-to-earth manner, and therefore has a solid basis. The measures to be adopted are all quite practical. Instead of waiting for or relying on outside help, the party committee of Harbin Chemical Industry Bureau has promptly solved its own problems, while studying the documents in the light of realities. Its work style should be learned by all of us.

"What shall we do in order to realize the strategy objective of quadrupling our total output value as laid down in the 12th National Party Congress?" The leading members of the party committee of Harbin Municipal Chemical Industry Bureau have worked out a tentative plan, while intensively studying the documents of the 12th National Party Congress in the light of realities.

On the basis of investigations and study, this bureau has worked out a tentative plan which includes the targets, data and methods. Its target is a progressive increase in the output value of 8.3 percent and a progressive increase in profits of 10 percent during the Sixth Five-Year-Plan; and a progressive increase in output value of 10 percent and a progressive increase in profits of 12 percent during the Seventh Five-Year Plan. Thus by 1990, the output value will be 2.4 times, and the profits will be 2.84 times those in 1980. The goal for the next 10 years is as follows: If the output value will be increased at a progressive rate of 11 percent, then, in 1995, it will amount to 1.5 billion yuan—that is, it will be quadrupled. If the profits can be increased at a progressive rate of 13 percent, then they will be quadrupled and will amount to 170 million yuan in 1993.

How is the feasibility of realizing this target? The leading members produced an abundance of data in three aspects: First, with Daqing right behind, there are rich natural resources; second, there is a good market for its products in the nearby urban rural areas; and third, the chemical industry enterprises are connected in the municipality, and such a layout is advantageous for unified planning and rational technical transformation. Harbin has a good foundation for chemical industrial production. In the 10 years prior to 1980, the progressive rate of increase was 13.9 percent in output value and 6.9 in profits. During the period of readjustment in the past 3 years, the progressive rate was still 8.3 percent in output value with a remarkable profit rate of 27 percent. Compared with the same period last year, our output value and profits in the first 8 months of this year increased by 11 percent and 48 percent respectively. Therefore, the leading members held that the rate of development called for by the tentative plan be achieved as expected.

What is the future path of development? They said: "In the first 10 years, no spectacular development is expected, because we will mainly rely on renovation, transformation and tapping of potential of the existing enterprises, and on improving the quality, increasing the varieties and selectively developing the production of petrochemical industrial products as a means of improving the economic results." During the Sixth Five-Year Plan, there are 53 projects for renovation, transformation and tapping of potential; some of them are already in regular production, while others are still under construction. During the Seventh Five-Year Plan, there will be 22 transformation projects.

The responsible comrades of the bureau were full of confidence when they told the correspondent: Although we have difficulties with technology and funds, these difficulties cannot stop us. We can say that our plan for the Six Five-Year Plan is quite realistic, and that our plan for the Seventh Five-Year Plan has a firm basis. Our goal for the latter 10 years are heartening, and it is quite possible for us to realize the objective of quadrupling our output value. We will strive for a big development.

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CSO: 4006/077

ECONOMIC PLANNING

RESTRICTION ON SALT PRODUCTION SUGGESTED IN YUNNAN

Kunming YUNNAN RIBAO in Chinese 5 Aug 82 p 2

[Article by Huang Peilin [7806 1014 2651]: "Small Salt Factories Cannot Be Allowed To Develop Blindly"]

[Text] In our province, we have some backbone salt mines in Pinglang, Mohei, Qiaohou and Fenggang, operating under favorable conditions and with fairly advanced technology. Since their productive capacity is excessive to actual needs, their production has been strictly restricted in accordance with the principle of determining production on the basis of demand and marketing in different designated areas, as a means of guaranteeing full supply.

Since 1979, when the running of enterprises by communes and production brigades was encouraged, there has been quite a rush in setting up small salt factories in certain areas where salt resources are available, such as Chuxiong, Simao and Dali. To a certain extent, these factories have upset the salt market and the planned balance of production, transportation and marketing and resulted in a competition of small and backward units against the large and advanced ones in an irrational way. Most of these small factories are using crude equipment and backward technology which calls high energy consumption and high production costs. Their production can only be sustained by reduction or remission of tax production can only be sustained by reduction or remission of tax or by government subsidy. Some factories have to maintain their production by felling forest trees. Even the forest-preservation fees paid by them cannot make up for the serious losses of forest resources resulting from excessive felling. Furthermore, the impurity of the salt produced by these small factories is far over the allowed limit, and some of the salt contains no iodine. This frustrates the preventive measures against goiter and has brought about a recurrence of this disease in some areas.

Premier Zhao Ziyang strongly pointed out in this report on the work of the government at the Fourth Session of the Fifth National People's Congress: "First of all, with regard to enterprises whose products are in excess supply and of very poor quality and whose consumption of energy and raw and semi-finished materials is too high, or which have incurred losses over the years and caused serious pollution, we should unhesitatingly apply the policy of shutting them down, or suspending their operation, or amalgamating them with other enterprises, or switching them to the manufacture of other products, on

the merits of each case. The state will then be able to allocate its limited amount of energy and raw and semifinished materials to enterprises which can turn out fine quality products with low consumption rates and better economic results." Therefore, the same policy should be strictly enforced in our province in salt production. There should be no further development for small salt factories. Those which have already been developed should be treated on the merits of each case. If their production and sales are satisfactory, their economic results are not bad at all, and they have a complete system of production, these small salt factories should be reorganized in order that the level of their production technology and their management can be raised. If their output is greater than their sales, their production should be restricted. If their products are unmarketable or only partly marketable, and the quality of products and production costs have failed to measure up the required standard for a long time so that they have to rely on tax reduction or remission for their survival, these small salt factories should be closed and retooled in a planned and systematic way. If their products contain some toxic substance and cannot meet the requirements of public health, these factories should be closed immediately.

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CSO: 4006/077

FINANCE AND BANKING

GANSU'S CREDIT COOPERATIVES SAID TO BE FLOURISHING

Lanzhou GANSU RIBAO in Chinese 28 Aug 82 p 1

[Article by Guo Gzuqin [6/53 1311 2953]: "Credit Cooperatives in Gansu Show Increasing Activity in Their Operations"]

[Text] Since the Third Plenary Session of the 11th Party Central Committee, the deposit and loan operations of credit cooperatives in the rural areas of our province have continued to flourish. There are now 1,731 credit cooperatives employing some 4,400 people in the province. In addition, 6,800 brigade credit stations have been set up. The extent and range of operations of network service outlets of credit cooperatives in the rural areas have become a fact of life among the masses.

With the implementation of the rural economic policy and the production responsibility system based mainly on "two-party contracts" since the Third Plenary Session of the 11th Party Central Committee, the role played by the cash flow in the rural areas has assumed increasing importance and the functions of credit cooperatives have gradually been expanded. From dealing with simple deposits and loans in the rural areas, they have added such financial services as the transfer and settlement of accounts and the management of cash in the rural areas, functions which are normally assumed by the basic units of agricultural banks. During the 3 years from 1979 to 1981, the credit cooperatives in the province took in an increasing amount of various types of deposits in the rural areas (including collective deposits made by communes and brigades). From 280 million yuan in 1979, it increased to 330 million in 1980 and 370 million in 1981. Aside from using these funds for the extension of loans for production purposes and the payment of deposits, the credit cooperatives also redeposit some 200 million yuan in the banks to facilitate the return of cash to the banks, to stabilize the market and to support the four modernization projects of construction.

In order to assist commune and brigades collectively and commune members individually to develop their production and to help them to meet their living expenses, the credit cooperatives in the province, within the 3-year period from 1979 to July, 1982, extended various loans amounting to 470 million yuan, which is more than the total amount of loans extended in the

8 years from 1970 to 1977, or 74 percent of the total amount of agricultural loans extended by the banks from 1979 to July, 1982. The credit cooperatives have made it an important function of theirs to give enthusiastic financial support to the "two-party contract" responsibility system. In conformance with the policy to relax controls and to enliven the economy, they have added over 10 types of loans to those extended to commune members for food and medical expenses. According to statistics, the credit cooperatives in the province have, from 1980 to July, 1982, extended various types of loans amounting to 380 million yuan, over 50 percent of which was used to assist individual commune members. In order to develop to the full the economic benefits derived from the extension of loans, priority is given by the various credit cooperatives to assist the subsidiary household industries of commune members, vocational households, key households, joint operations and impoverished families. They have served in a positive manner to increase the income of commune members and to enliven monetary operations in the rural areas.

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CSO: 4006/025

MINERAL RESOURCES

PROCUREMENT POLICY IN GOLD MINING UNDERTAKEN BY MASSES

Kunming YUNNAN RIBAO in Chinese 9 Aug 82 p 2

[Article by Wang Shixin [3769 0013 2450]: "Effective Measures for Procurement of Gold Mined by Masses"]

[Text] Since the Third Plenary Session of the 11th Party Central Committee, there has been an increase in the yield of gold due to a more positive attitude adopted by the masses in gold mining. In the past 2 years, however, the amount of gold procured from the masses in the various counties has dropped sharply. For example, the amount of gold procured in the first half of this year by the Taoyuan Commune in Yongsheng County in Lijiang Prefecture, a key gold mining area in the province, was 41 percent less than that for the same period last year. In Yuanyang County in the Honghe Hani-Yi Auto Prefecture, although there was a 50 percent increase in the number of people who panned for gold in the river than last year, there was an alarming drop in the amount of gold procured. There was a decrease of 67 percent in the amount of procurement in the first half of 1981 compared to the first half of 1980 and a decrease of 57 percent in the first half of this year compared to the first half of 1980. A similar situation exists in various degrees in other prefectures and counties.

The drop in the amount of gold procured from the masses is due mainly to the following reasons:

First, the procurement setup is unsound, the number of procurement agents is too small, and the procurement procedure is inconvenient. At the present time, the people's banks in the province are responsible for the procurement of gold from the masses above the county level, while business offices set up by agricultural banks in the communes are authorized to act on their behalf. However, gold mining by the masses is done mostly in remote mountain areas where business offices have not been set up by agricultural banks in the communes and where such business offices have been set up, there are no procurement agents. So far as is known, there are at the present time only 12 or 13 business offices out of several dozen in the 16 counties which have procurement agents. In areas where there are no business offices or where there are no procurement agents in the business offices, the people have to trudge across mountains and valleys for up to 3 days in order to sell their gold to the people's banks in the county. It is understood that

on market days in some communes in Yongsheng County in Lijiang Prefecture, over 100 people have to wait in line outside the business offices to sell their gold because there is only one purchasing agent. There is considerable resentment among the masses due to the fact that they have to line up from morning to night and still fail to get their business done. Although the precious metals companies in various areas in Yunnan Province have time and again brought the situation to the attention of the concerned provincial authorities, no satisfactory solution has been found. In recent years, the people's banks in the province have conducted classes for the training of some 100 procurement agents, but the number is still too small to meet the needs of the people's banks on the county level.

Secondly, gold is being bought in volume by unlawful elements. The unsound setup of the procurement agencies in the nation and the shortage of personnel have made it possible for unlawful elements to take advantage of the situation. According to available information, unlawful elements from outside have sneaked into five or six counties in the Henghe Auto Prefecture to buy up large quantities of gold at prices higher than that set by the government. In connivance with local pedlars who make the purchases, the unlawful elements resort to various means to buy up the gold and even openly resort to the use of arms to buy gold and to transport their purchases.

Third, control is inadequate. There is at the present time a lack of adequate control in most prefectures and counties over gold mining undertaken by the masses and no clear idea as to how the masses should go about panning for gold and how they should deliver it for sale. Out of six regions and prefectures in the province, there is only one auto prefecture where the work of gold mining undertaken by the masses is under the control of the industrial bureau of the auto prefecture or the county, while gold mining in the other five regions and prefectures is under the control of the commune enterprises administrative bureaus. Better control is exercised in prefectures and counties under the control of industrial bureaus, while most of the five prefectures and auto prefectures under the control of commune enterprises administrative bureaus do not have a firm grasp of the situation and have not shown much concern over the way gold mining is undertaken by the masses.

The existence of the above-mentioned problems has seriously affected the procurement of gold from the masses by the government, offered an opportunity to unlawful elements to engage in wrongdoing and caused heavy losses to the nation. In view of the fact that such problems involve a number of departments, it is suggested that the higher responsible departments should adopt effective measures to bring a solution to the problem as soon as possible.

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CSO: 4006/025

MINERAL RESOURCES

HEBEI REDUCES CONSUMPTION OF WOODEN PIT PROPS

Shijiazhuang HEBEI RIBAO in Chinese 7 Sep 82 p 4

[Article by Run Zhu [3387 3796], Yun Qing [0061 1987] and Xiao Xia [2556 1115]: "Consumption of Wooden Pit Props Used in Coal Mines Allocated by Province Shows Decline"]

[Text] From January to July, the consumption of wooden pit props per 10,000 tons of coal allocated by the province has dropped 9.72 percent below the figure set by the national plan, or 5.76 cubic meters less than the figure for the same period last year. This represents the best record for the same period in history and the saving of 19,461 cubic meters of wooden pit props. The Kailuan, Fengfeng and Handan Mining Bureaus and almost one-third of the bureaus and mine throughout the province have achieved the standard for the low consumption of wooden pit props set by the Ministry of Coal Industry.

The coal mines under the allocation plan of the province are actively undergoing the reform of using metal pit props instead of wooden pit props. In addition to using pit props not made of wood in the work of excavation, the Kailuan Mining Bureau has at different times installed iron pillars in the cuts of 12 stopes. These experiments in the use of braces have changed the old practice of using wooden supports in the cuts. Iron step holes have replaced wooden step holes and large wooden stays have been replaced by small wooden stays. From January to July, the consumption of wooden pit props per 10,000 tons of coal by the entire bureau showed a drop of 9.46 percent compared to the same period last year, as a result of which 9,543 cubic meters of wooden pit props has been saved. Faced with the problems of the breaking of supporting beams and high pressure in the old mining area, the Jingxing Mining Bureau embarked on a "campaign" as a reform measure to eliminate the use of large wooden beams and to install metal supports in all the stopes. From January to July, it saved 870 cubic meters of wooden pit props and reduced the cost of supporting each ton of coal by 0.97 yuan compared to the same period last year, or the total amount of 1.17 million yuan. The Handan Mining Bureau, the most progressive in terms of low consumption of wooden pit props in the nation, has continued to address itself to the problem and has replaced all the wooden pit props in its coal mines with metal props for angles of incline exceeding 35 degrees. Today, 90 percent of the pit props used in long wall coal faces and 82 percent used in drifting are made of materials other than wood.

The various bureaus and mines, in strengthening control over the use of wooden pit props, have adopted the quota system in the supply of wooden pit props and the system of paying bonuses for conservation and levying penalties for the excessive use of wooden pit props. They have also made a study of the situation regarding the consumption of wooden pit props so as to deal with the problem in time and to reduce waste in the use of wooden pit props.

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CSO: 4006/025

MINERAL RESOURCES

BRIEFS

NEW MINERAL DEPOSITS--Following adjustments in the work of general geological survey and prospecting, there has been an improvement in the work of prospecting. According to statistics, of the 373 newly discovered mine fields, 250 may be considered to be of large or medium scale. The estimated amount of deposits ascertained in 78 mine fields has been revised upward, while the amount of deposits in 6 mine fields has been newly ascertained. The number of mine fields in the nation whose deposits have been ascertained has increased from 134 to 140. Since the Third Plenary Session of the 11th Party Central Committee, geological work in our nation has centered on the location of mine deposits. A new page has been turned in stepping up mining and geological work relating to energy, nonferrous metals, precious metals and non-metal minerals. A breakthrough has been made in surveying and prospecting for off-shore petroleum. Six deep wells have been drilled at different times in the Nanhai and Zhujiang basin. Natural gas has been found in the Donghai basin. In prospecting for coal fields, a basin containing a potential yield of 2 billion tons of brown coal has been found. [Text]
[Beijing GONGREN RIBAO in Chinese 23 Aug 82 p 1] 9621

CSO: 4006/025

INDUSTRY

TAIYUAN STEEL PLANT EMULATES SHOUDU COMPANY

HK190246 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 17 Nov 82

[Excerpts] This year, under the leadership of the provincial and municipal CPC committees and the Ministry of Metallurgy, the Taiyuan Iron and Steel Company has seriously learned from the Shoudu Iron and Steel Company and further enhanced the sense of responsibility of the workers as masters of the house and their enthusiasm for building socialism. An unprecedented upsurge of comparing, learning, catching up, helping and overtaking has arisen in the company. By the end of October, the company's total output value was 641.39 million yuan, representing 102.1 percent of the year's quota. Total profit and profit turned over to the state were respectively 17 percent and 43 percent higher than in the same period last year.

At the beginning of this year, while conveying the spirit of the national metallurgical work conference, the company party committee put forward, after repeated discussion, the slogan "Learn from the Shoudu Iron and Steel Company, catch up with the Maanshan Iron and Steel Company, advance toward progressive national levels and strive to create a six-good enterprise." They also published throughout the company the Shoudu company's various economic and technical targets. In this way every worker could know precisely in what way and how far he lagged behind.

The most basic of the Shoudu company's experiences is the institution of complete economic responsibility systems. The Taiyuan Iron and Steel Company CPC Committee got a good grasp of this experience and seriously learned and popularized it. Contract and guarantee targets have been mapped out from the company down to the plants and mines and from the workshops down to the shifts and individuals. Those who overfulfill them receive bonuses, and those who fail to fulfill them are fined. This has changed the previous management methods of the iron ricebowl and the big pot.

At the same time the company party committee has stepped up education in communist ideology for the workers and cultivated their sense of responsibility as masters of the house.

CSO: 4006/120

CONSTRUCTION

BRIEFS

XIZANG CUTS CAPITAL CONSTRUCTION—Since the implementation of the principle of readjusting the national economy, Xizang region has scored gratifying achievements in curtailing capital construction. In 1979, the region included in its plan 659 capital construction projects, 503 of which started in that year. In 1981, the region had only 179 capital construction projects, which were 480 less than in 1979. As a result of the reduction in capital construction projects, capital could be rationally utilized and economic returns could be greatly raised. The amount of investment in capital construction projects in the region which was not completed by the end of 1979 was 127.37 million yuan and the amount of investment in 1981 dropped to 56.57 million yuan. [HK161502 Lhasa Xizang Regional Service in Mandarin 1130 GMT 12 Nov 82]

QINGHAI LARGE RESERVOIR COMPLETED—(Dongbatan) reservoir, the first large reservoir in Qinghai Province with a dam across the trunk stream of the Huangshui rivers, has been completed. On the morning of 1 November, the Qinghai Provincial Water Conservation Bureau held a ceremony at the (Dongbatan) reservoir worksite to mark the completion of the reservoir. The construction of this reservoir began in 1974. Some 4,000 workers and water conservation engineers and technicians in the province took part in construction work. The reservoir's capacity for water storage is 22 million cubic meters. Leaders of the party and the government in the province, including Zhao Haifeng, Ga Bulong, (Huangjicairang) and Wang Fuxiang; and some 300 representatives from various departments attended the ceremony. (Liu Zhigang), deputy director of the provincial water conservation bureau, presided over the ceremony. Zhao Haifeng presented silk banners to workers and units which had taken part in the reservoir construction. The dam is 449 meters long, 22 meters high, 61.5 meters wide at the top. The reservoir now stores 7 million cubic meters of water. [HK151447 Xining Qinghai Provincial Service in Mandarin 2330 GMT 1 Nov 82]

CSO: 4006/1]0

DOMESTIC TRADE

FUJIAN ACCELERATES SETTING UP OF RURAL TRADE MARKETS

Fuzhou FUJIAN RIBAO in Chinese 10 Sep 82 p 2

[Article by Information Department, Fujian Industrial and Commercial Bureau: "Fujian Province Attaches Great Importance to Basic Establishment of Trade Markets in Rural Areas"]

[Text] Since the Third Plenary Session of the 11th Party Central Committee, there has been rapid development in the establishment of trade markets in our province. According to incomplete statistics, the province has so far established 436 trade markets in the rural areas, including 202 that are of a permanent and ordinary nature and 234 that are of a simpler type. The amount of investment came to 15.5 million yuan in a market area measuring 220,000 square meters. This has resulted in great improvement in marketing and servicing facilities.

During the 10-year period of domestic upheaval, many of the trade markets and fair grounds in the province were closed down or razed. Others were diverted to other uses. The few that remained were in a dilapidated state. Since the announcement of the policy of opening up trade markets in the rural areas by the Third Plenary Session of the 11th Party Central Committee, trade markets in the cities and rural areas throughout the province have been restored and developed at a rapid pace. However, due to the lack of market space and servicing facilities, the vast majority of the trade markets operate in the open air so that the peasants have to brave the blazing sun in summer and the wind and rain in winter. In response to the demand of the masses, the people's governments in various areas, while directing their efforts toward the restoration and development of village fair trade, also proceeded with the establishment of trade markets in the rural areas. Personnel were assigned to requisition land and to raise investment funds to establish a number of permanent markets as well as general and special markets of a simpler type so that a market network of considerable dimensions throughout the counties of the province was gradually brought into being.

Recent years have seen an increase in investments in the establishment of trade markets in the rural areas. In 1980, 2.4 million yuan was invested in the establishment of 119 markets covering 74,000 square meters in the various areas in the province. In 1981, the amount of investment for the establishment of 189 markets covering 96,000 square meters came to 5.92 million yuan,

or 1.4 times the 1980 figure. In 1982, 9.24 million yuan was invested in the establishment of markets covering 118,000 square meters, or 56 percent higher than the 1981 figure. In the establishment of markets, increasing attention is being paid to the quality of construction materials. A number of markets using reinforced girders and concrete or bricks, wood and concrete have been built. Some of the markets even have several stories. Various services are being offered in the markets, and show cases, stools and meat counters have been installed. Some markets in certain areas have even established guesthouses, hotels and warehouses for the convenience of the peasants. The establishment of a large number of large, medium and small combination markets dealing in a variety of goods, meat, eggs, domestic fowls, sea food, vegetables, articles of daily use, medium size and small farm tools, local and handcrafted products, arts and crafts, birds and farm animals have given a new look to the markets.

While trade markets are being established in the rural areas, the various localities are also developing a number of special markets on the basis of the special features and the various stages of economic development of particular areas to meet the needs of the masses. To promote the establishment of the agricultural production responsibility system, for instance, Zhangzhou invested 200,000 yuan to set up a trading post for farm oxen in Nanshan in the suburb where over 10,000 are traded every year. Taking advantage of the profusion of flowers grown locally, the various localities have also invested 100,000 yuan to set up flower markets. To meet the needs of the masses to develop production, Putian and Nan'an Counties have set up a livestock breeding market. For the convenience of the peasants from the surrounding counties, Quanzhou has specially set up a vegetables trading post.

The setting up of markets has served to facilitate the exchange of goods between the cities and the rural areas, to promote economic prosperity, and to enliven the market. The volume of village fair trade exceeded 1 billion yuan in 1981 compared to the volume of 500 million yuan in 1978. An increase has also been registered in the first half of 1982 compared to the same period in 1981.

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CSO: 4006/025

TRANSPORTATION

XIAMEN INTERNATIONAL AIRPORT TO OPEN NEXT JUNE

OW140804 Beijing XINHUA in English 0719 GMT 14 Nov 82

[Text] Fuzhou, 14 Nov (XINHUA)--The construction of the Xiamen international airport in Fujian Province is in full swing and it is expected to open next June, according to an official of the Xiamen city.

The official said the main runway of the new airport is scheduled to be completed by the end of the year.

The medium-sized Xiamen international airport, the city official said, is being built to accommodate Tridents and Boeing 737's to cope with the growing traffic following the expansion of trade and tourism of the east China province.

By the end of October, workers had completed more than 1.12 million cubic meters of earthwork, laid 80,000 cubic meters of stone fragments for the main runway foundation, totalling 1,600 meters long, and poured 13,000 cubic meters of cement. They also completed 330,000 cubic meters of earthwork to fill up the seaside near the airport, the official said.

Construction is under way for the airport's supporting facilities including navigation system and a feeder railway designated to transport fuel. According to the official, they are expected to be completed in the first half of next year.

Shentu, director-general of the Chinese Administration of Civil Aviation, inspected the airport construction work earlier this month and encouraged the builders to complete the project as scheduled.

Xiamen is one of China's four special economic zones where flexible policies attract overseas investment. The other three zones are in Shenzhen, Zhuhai and Shantou of Guangdong Province.

CSO: 4006/120

TRANSPORTATION

TRANSPORT AIRCRAFT DESIGNERS COMMENDED

HK210608 Xian Shaanxi Provincial Service in Mandarin 0500 GMT 20 Nov 82

[Text] The Liaoyuan Machinery Research Center held a rally on the morning of 19 November to present awards for the design of the YUN-7 aircraft. During the rally, the instructions of the State Council and the Central Military Commission on finalizing the design of the YUN-7 and the commendation order from the Ministry of Aviation Industry to the Liaoyuan Machinery Research Center were read out. Designers, organizational and management personnel, and the logistics personnel who made outstanding contributions during the aircraft development work were awarded first, second and third-class merits.

Leading comrades of the Ministry of Aviation Industry, the industry and communications department of the provincial CPC committee, the provincial office of national defense industries and the provincial third machine-building bureau and other units made speeches of congratulation.

The YUN-7 is a medium and short-range multipurpose aircraft designed for domestic routes. It will become the first-generation Chinese-manufactured passenger aircraft to go into regular use. Comrade Zhou Enlai was earnestly concerned for the aircraft's development.

In the course of designing and trial-producing the YUN-7, the Liaoyuan Machinery Research Center's work personnel worked very hard, especially at key moments in the design work. They were bold in practice and serious in probing. The designers and other personnel put in a lot of hard work on every blueprint and curve of the plane. Personnel of various departments also cooperated closely in achieving success.

At the rally, 26 people were awarded first-class merits, 106 second-class merits and 346 third-class merits. In addition 458 persons were commended. (Chu Chuanbin), a representative of these persons, pledged to continue to work hard and score still greater successes in new design work.

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TRANSPORTATION

NEW HARBOR UNDER CONSTRUCTION IN JIANGSU

OW161329 Beijing XINHUA in English 1134 GMT 16 Nov 82

[Text] Nanjing, 16 Nov (XINHUA)--Construction of Miaolong new harbor is under way in Jiangsu Province, adding a new facility to the port of Lianyungang, one of China's ten leading ports, according to an official of the harbor construction office.

The project is included in China's current Sixth Five-Year Plan, the official said.

The preliminary stage of construction covering an area of 400,000 square meters, began in April this year. A navigation channel has been dredged for construction and a tunnel driven through. Workers will have completed 500,000 cubic meters of rock filling by the end of the year.

The official said that tubular steel and concrete piles have been put into place for the navigation-control facilities, piers, bridge approach and wharves.

The first phase of the project, scheduled to begin next year, will include a coal wharf, a 35,000-ton-class berth and a 16,000-ton-class berth. When this stage is completed at the end of 1985, the official said, the new harbor will have an annual handling capacity of 10 million tons of cargo.

The second phase of construction is scheduled to start between 1984 and 1985. It will include five 25,000-ton-class berths, two designed for timber, two for containers and one for bulk grain. These facilities will be able to handle 4.2 million tons of cargo annually by the end of the 1980s.

With expanded facilities, by 1990 the Lianyungang port will be able to handle at least 20 million tons yearly. A dozen more deep-water berths will be added thereafter to lift the port's annual capacity to 50 million tons by the end of this century, the official said.

The 1,759-kilometer Longhai railway which originates at Lianyungang and runs westward to Xinjiang carries export and import goods to and from the harbor for places along the line. According to the official, work will begin soon on upgrading the eastern section from Lianyungang to Xuzhou to cope with increasing traffic following expansion of the harbor.

Lianyungang port now have five 10,000-ton-class berths, two 5,000-ton-class berths and two 3,000-ton-class berths, with a designed annual capacity of 5.05 million tons of cargo. In 1981, it handled more than 7.5 million tons. In 1949, when new China was founded, this port had only two 3,000-ton-class berths and handled 60,000 tons of cargo annually.

Under construction also are housing projects, schools, recreational and commercial facilities. Some have already been completed, the official said.

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TRANSPORTATION

BRIEFS

URUMQI AIRPORT HANGAR--The new aircraft hangar at Urumqi airport has now been completed, and the opening ceremony was held 10 November. This is one of the largest civil aviation hangars in China, being 3,000 square meters in area and a maximum of 16.8 meters in height. It can accommodate a large aircraft, such as a Boeing 707 or IL-62, or simultaneously accommodate two or three medium-sized planes or four to six small ones. Workshops have been built on both sides of the hangar and also at the rear. The hangar will greatly facilitate aircraft maintenance at Urumqi, which is an international as well as a domestic airport. [Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 14 Nov 82 HK]

XINJIANG HIGHWAY TUNNEL--Urumqi, 22 Oct (XINHUA)--The No 3 tunnel on the Tianshan highway, by far the longest highway tunnel in China, has been driven through. The tunnel is 1,897 meters long and 7.5 meters wide and runs through the Tianshan Mountain at an altitude of 3,800 meters above sea level. [OW100201 Beijing XINHUA Domestic Service in Chinese 0007 GMT 22 Oct 82]

PORTS OPEN TO FOREIGN SHIPS--Beijing, 19 Nov (XINHUA)--Decision of the NPC Standing Committee on the approval of the opening of Changjiang's Nantong and Zhangjia ports to foreign vessels: (Adopted on 19 November 1982) The 25th session of the 5th NPC Standing Committee examined a State Council's motion which requests that Changjiang's Nantong and Zhangjia ports be opened to foreign vessels. The session decides to approve the opening of Changjiang's Nantong and Zhangjia ports to foreign vessels. [Text] [OW200240 Beijing XINHUA Domestic Service in Chinese 1154 GMT 19 Nov 82]

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GENERAL

BRIEFS

SATELLITE GROUND STATIONS—With the approval of the State Council, the Ministry of Posts and Telecommunications recently decided to build satellite telecommunications ground stations at Guangzhou, Zhanjiang and Shantou, to improve the province's internal and external telecommunications. The Guangzhou station is planned to be completed and in operation by the end of next year. These three stations will provide high-standard telecommunications services for South China Sea oil exploitation and for the meteorology, electric power, press and other departments. When the projects are completed and in operation, the province's telecommunications will be greatly improved. The facilities will be able to receive and transmit color television programs, create conditions for increasing the number of television channels in the future, and also pave the way for linking up with the international satellite telecommunications network. The work of drawing up designs for the Guangzhou station has now been completed. [Text] [HK180543 Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 17 Nov 82]

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